PUBLIC ACCOUNTS

2003 - 2004

Yukon
Finance

PUBLIC ACCOUNTS
OF THE
GOVERNMENT OF YUKON

for the year ended March 31, 2004

Yukon
Finance

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Yukon
Office of the Minister
Box 2703, Whitehorse, Yukon Y1A 2C6

October 21, 2004

The Honourable Jack Cable
Commissioner of Yukon

In accordance with the provisions of section 8 of the *Financial Administration Act* (Yukon), I have the honour to submit herewith the Public Accounts of the Government of Yukon for the fiscal year ended March 31, 2004.

Dennis Fentie
Minister of Finance

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PUBLIC ACCOUNTS OF THE
GOVERNMENT OF YUKON

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PART ONE

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of the consolidated financial statements of the Government of Yukon is the responsibility of management of the Department of Finance.

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) for senior governments. Where GAAP permits alternative accounting methods, management has chosen those that are most appropriate. Where required, management's best estimates and judgement have been applied in the preparation of these statements.

The Department of Finance maintains systems of financial management and control designed to provide timely and reliable information to users, to properly safeguard assets, and to ensure all financial transactions are in accordance with the *Yukon Act* (Canada), *Financial Administration Act* (Yukon) and regulations.

The Auditor General of Canada performs an annual audit on the consolidated financial statements in order to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position of the Government, the results of its operations and its cash flows for the year. During the course of the audit, she also examines transactions that have come to her notice, to ensure they are, in all significant respects, in accordance with the statutory powers of the Government and those organizations included in the consolidation. After completion of the audit, the Auditor General of Canada includes additional information, comments and recommendations in her report to the Legislative Assembly.

Annually, the consolidated financial statements are tabled in the Legislative Assembly as part of the Public Accounts, and are referred to the Public Accounts Committee. The Public Accounts Committee is to report to the Legislative Assembly on the results of its examination together with any recommendations.

Bruce McLennan, CMA
Deputy Head of the Department of Finance

September 29, 2004

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Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Legislative Assembly of Yukon

I have audited the consolidated statement of financial position of the Government of Yukon as at March 31, 2004 and the consolidated statements of operations and accumulated surplus, cash flows and tangible capital assets for the year then ended. These financial statements are the responsibility of the Government. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Government as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for the public sector recommended by the Canadian Institute of Chartered Accountants.

Further, in my opinion, the transactions of the Government and of those organizations listed in Note 2(a) to the consolidated financial statements that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with the Government's powers under the *Yukon Act* and the *Financial Administration Act* and regulations and the legislative authorities and by-laws governing the organizations listed in Note 2(a).

Additional information and comments on the consolidated financial statements and this opinion will be included in my annual report to the Legislative Assembly of Yukon.

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Ottawa, Canada

July 16, 2004, except as to Note 15 which is as of September 29, 2004.

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GOVERNMENT OF YUKON

Consolidated Statement of Financial Position
as at March 31, 2004

	2004	2003 (Restated - Note 3)
	(thousands of dollars)	
ASSETS		
Financial assets		
Cash and cash equivalents (Note 4)	$ 41,746	$ 227
Due from Canada (Note 5)	59,984	84,634
Accounts receivable (Note 6)	10,203	10,676
Loans receivable (Note 7)	58,555	60,547
Land held for sale (Note 8)	21,708	24,224
Investments in government business enterprises (Note 9(a))	120,037	116,216
	312,233	296,524
Non-financial assets		
Leased capital assets (Notes 10 and 14)	11,111	-
Inventories	3,640	3,148
Prepaid expenses	992	905
Tangible capital assets, at a nominal value of one dollar (Note 10)	-	-
	$ 327,976	**$ 300,577**
LIABILITIES		
Due to Canada (Note 5)	$ 9,784	$ 6,351
Accounts payable and accrued liabilities (Note 11)	37,572	40,470
Deferred revenues	3,919	2,716
Post-employment benefits (Note 12)	44,445	41,558
Long-term debt (Note 13)	30,107	31,054
Capital lease obligations (Note 14)	11,307	-
Pension and retirement benefit liabilities (Note 17 and Schedule D)	2,453	2,227
	139,587	124,376
Contingencies, commitments and guarantees (Notes 8, 9, 20, 22, 23, 24 and 25)		
ACCUMULATED SURPLUS		
Accumulated surplus	188,389	176,201
	$ 327,976	**$ 300,577**

The accompanying notes and schedules are an integral part of these consolidated financial statements.

Approved:

Bruce McLennan, CMA
Deputy Head of the Department of Finance

Dennis Fentie
Minister of Finance

GOVERNMENT OF YUKON

Consolidated Statement of Operations and Accumulated Surplus
for the year ended March 31, 2004

	2004		2003
	Main Estimates (Note 19)	Actual	Actual (Restated - Note 3)
	(thousands of dollars)		
Revenues (Schedule A)			
Grant from Canada (Note 15)	$ 359,796	$ 426,135	$ 381,821
Taxes and general revenues	67,812	75,360	69,053
Health and social transfers from Canada	21,730	30,322	19,889
Investment income	4,861	9,537	9,349
Recoveries (Schedule B)			
Operations and maintenance	43,864	52,988	40,212
Capital	29,787	23,188	33,489
	527,850	617,530	553,813
Expenditures (Note 16 and Schedule C)			
Operations and maintenance	451,387	511,470	456,927
Capital	85,523	94,776	96,293
	536,910	606,246	553,220
Recovery of prior years' expenditures	-	904	772
Surplus (deficit) for the year	$ (9,060)	12,188	1,365
Accumulated surplus at beginning of year, as previously reported		166,214	165,660
Adjustment to accumulated surplus, beginning of year - change in accounting policy (Note 3)		9,987	9,176
Accumulated surplus at beginning of year, restated		176,201	174,836
Accumulated surplus at end of year		$ 188,389	$ 176,201

The accompanying notes and schedules are an integral part of these consolidated financial statements.

GOVERNMENT OF YUKON

Consolidated Statement of Cash Flows
for the year ended March 31, 2004

	2004	2003 (Restated - Note 3)
	(thousands of dollars)	
Operating activities		
Surplus for the year	$ 12,188	$ 1,365
Non-cash items included in surplus for the year		
Provision for doubtful loans receivable	545	29
Provision for write-down of land held for sale	390	3,010
Gain on sale of lots	(876)	(288)
Investment income from government business enterprises	(3,821)	(4,958)
Provision for post-employment, pension and retirement benefits	3,113	8,700
Amortization of leased tangible capital assets	960	-
Adjustment due to change in accounting policy	-	(2,482)
Changes in non-cash operating activities		
Decrease in temporary investments	-	11,520
Decrease (increase) in due from Canada	24,650	(42,041)
Decrease (increase) in accounts receivable	473	(1,367)
Decrease (increase) in inventories and prepaid expenses	(579)	455
Increase in due to Canada	3,433	1,507
Decrease in accounts payable and accrued liabilities	(2,898)	(2,160)
Increase in deferred revenues	1,203	409
Cash flows from (used in) operating activities	38,781	(26,301)
Investing activities		
Investment in land held for sale	(3,906)	(2,936)
Proceeds from sale of land held for sale	650	204
Loans advanced	(1,825)	(9,304)
Loans repaid	11,121	12,296
Cash flows from investing activities	6,040	260
Financing activities		
Issue of long-term debt	-	300
Repayment of long-term debt	(2,538)	(893)
Repayment of capital lease obligations	(764)	-
Cash flows used in financing activities	(3,302)	(593)
Net increase (decrease) in cash and cash equivalents	41,519	(26,634)
Cash and cash equivalents		
Beginning of year	227	26,861
End of year (Note 4)	**$ 41,746**	**$ 227**
Supplemental information		
Interest paid in the year	$ 3,814	$ 2,659
Interest received in the year	4,302	4,117

The accompanying notes and schedules are an integral part of these consolidated financial statements.

GOVERNMENT OF YUKON

Consolidated Statement of Tangible Capital Assets
for the year ended March 31, 2004

	Land	Buildings	Equipment and Vehicles	Computer Hardware and Software	Other*	2004 Total	2003 Total (Restated - Note 10)
				(thousands of dollars)			
Cost of tangible capital assets, opening	$ 5,412	$ 385,884	$ 69,148	$ 19,667	$ 3,786	$ 483,897	$ 453,887
Acquisitions	599	22,325	3,271	1,491	1,871	29,557	33,952
Write-downs	-	-	-	-	-	-	-
Disposals	-	-	(1,137)	(1,083)	-	(2,220)	(3,942)
Cost of tangible capital assets, closing	6,011	408,209	71,282	20,075	5,657	511,234	483,897
Accumulated amortization, opening	-	144,146	38,368	13,244	2,130	197,888	184,764
Amortization expense	-	10,841	2,534	1,576	453	15,404	16,630
Disposals	-	-	(1,026)	(1,083)	-	(2,109)	(3,506)
Accumulated amortization, closing	-	154,987	39,876	13,737	2,583	211,183	197,888
Net book value	6,011	253,222	31,406	6,338	3,074	300,051	286,009
Work-in-progress	-	1,705	-	291	2,126	4,122	2,989
	$ 6,011	**$ 254,927**	**$ 31,406**	**$ 6,629**	**$ 5,200**	**$ 304,173**	**$ 288,998**
**Value of contributed assets		$ 26,945	$ 1,425	$ 580	$ 293	$ 29,243	$ 25,040

* Includes portable classrooms, land improvements and fixtures.

** Relates to the value of tangible capital assets that were transferred from or cost shared with Canada.

1. Authority and operations

The Government of Yukon (the Government) operates under the authority of the *Yukon Act* (Canada). All disbursements for operations and loans are authorized by the Yukon Legislative Assembly.

The Yukon Housing Corporation operates under the authority of the *Housing Corporation Act* (Yukon).

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for senior governments.

(a) Principles of consolidation

The consolidated financial statements include the accounts of the Government and organizations accountable to and controlled by the Government. The entities that exist to deliver the executive functions of the Government are fully consolidated in these financial statements. The entities that are deemed to be government partnerships are accounted for using the proportionate consolidation method. The entities that are deemed to be government business enterprises are accounted for using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the government business enterprise's accounting principles are not adjusted to conform with those of the government. Thus, the government aggregates a government business enterprise's net assets and net income by adjusting the investment shown in the government's consolidated statement of financial position and by presenting the net income as a separate item on the government's consolidated statement of operations.

The organizations comprising the consolidated government reporting entity, categorized by accounting method are:

Fully consolidated:

Government of Yukon
Yukon Housing Corporation

Proportionate consolidation:

19596 Yukon Inc.

Modified equity:

Yukon Development Corporation
Yukon Liquor Corporation
Yukon Government Fund Limited

In October 1999 the Government, with Northwestel Inc. and another partner, formed a government partnership, 19596 Yukon Inc., in order to carry out the "Connect Yukon" (Note 20) telecommunication infrastructure development project to provide high speed internet services in the Yukon. 19596 Yukon Inc. has been financed with $10.5 million from the Yukon Government Fund Limited (Note 9(c)). 19596 Yukon Inc. leases equipment to Northwestel Inc. The Government's share of 19596 Yukon Inc. is 24.5%.

Trusts administered by the Government on behalf of other parties (Note 18) are excluded from the consolidated Government reporting entity.

(b) Basis of accounting

Revenues

Revenues are recorded on an accrual basis. Income taxes levied, under the *Income Tax Act* (Yukon), are collected by Canada on behalf of the Government under a tax collection agreement and are remitted to the Government monthly. The remittances are based on Canada's Department of Finance's best estimates for the taxation year, which are periodically adjusted until the income tax assessments for that year are final. Changes to personal and corporate income tax estimates can have a significant impact on the Grant from Canada.

Revenue from general property tax is recognized on an accrual basis in the fiscal year in which the calendar year ends.

Expenditures

Operations and maintenance expenditures are recorded on an accrual basis. Transfer payments are recorded as expenditures when paid or earlier if the terms of a contractual transfer agreement have been met.

Expenditures are recovered from Canada and other sources under various cost-sharing agreements including reconstruction of the Alaska Highway, social assistance and occupational training. The amounts are recorded as recoverable in the year in which the related expenditures are incurred. Any adjustments upon finalization are reflected in the accounts in the year of adjustment.

Recovery of prior years' expenditures includes reversal of amounts accrued in prior years which are in excess of actual expenses. These amounts cannot be used to increase the amount appropriated for expenditures for the current year.

Assets

Financial assets

Loans receivable are stated at the lower of principal amounts and net recoverable value. Valuation allowances, which are recorded to reduce loans receivable to their net recoverable amount, are based on historical experience, current conditions and all circumstances known at the date of the preparation of the financial statements. Interest revenue is recognized on an accrual basis until such time that the collectibility of either principal or interest is not reasonably assured.

Land held for sale comprises the costs of acquiring, planning and developing serviced lots for eventual sale. The lots are valued at cost, except, when there has been a loss in value that is other than a temporary decline, in which case the lots are written down to recognize the loss. Gains or losses on the sale of lots are recognized at the time of sale.

Non-financial assets

Inventories consist primarily of fuel and lubricants, repair parts, stationery and office supplies, highway materials, and engineering, building and maintenance supplies, and are valued at the lower of cost and replacement value. Other materials and supplies are charged to expenditures at the time of acquisition.

For capital leases, an amount equal to the present value of the minimum lease payments required over the term of the lease or the fair value of the leased property, whichever is less, is recorded as a leased capital asset with an offsetting capital lease obligation.

Tangible capital assets are charged to expenditures at the time of acquisition or construction and are shown on the statement of financial position at a nominal value of one dollar. The Government is currently in the process of accumulating information on all of its tangible capital assets. The Government intends to change its accounting policy for tangible capital assets and record them on the consolidated statement of financial position as of the fiscal year 2004/2005 (Notes 2(h) and 10).

Liabilities

Liabilities include financial claims payable by the Government and deferred revenues.

Deferred revenues are cash received for which goods and services have not been provided by year end, and are comprised of motor vehicle licence fees and other items for the following fiscal year.

(c) Investments

The *Financial Administration Act* (Yukon) allows the Government to invest money from the consolidated revenue fund in the following investments:

- securities that are obligations of, or guaranteed by, Canada or a province;
- fixed deposits, notes, certificates and other short term paper of, or guaranteed by, a bank including swapped deposit transactions in currency of the United States of America;
- commercial paper issued by a company incorporated under the laws of Canada or a province, the securities of which are rated in the highest rating category by at least two recognized security rating institutions.

The duration of the securities held depends on cash projections but usually averages under a year in length.

(d) Grant and transfer payments from Canada

The grant is subject to the terms of a financial agreement with Canada and is receivable in monthly instalments. Periodic adjustments, as they become known, are made to the grant when income taxes, health and social transfer contributions from Canada and certain operating revenues and recoveries collected by the Government differ from the estimated amounts which were used to determine the grant for the fiscal year. Further adjustments are made in accordance with escalation and tax effort adjustment clauses in the agreement. Other adjustments may arise out of new federal initiatives or unforeseen events.

Health and social transfer payments are received from Canada in accordance with the *Federal-Provincial Fiscal Arrangements Act*. These revenues are recognized when entitlement occurs. Adjustments are made in accordance with the arrangements in the year they are known.

(e) Post-employment benefits

Post-employment benefits are expected to be provided after employment but before retirement to employees. These benefits include severance benefits and accumulated sick, vacation, compensatory and personal leave and travel bonus benefits that are paid in cash when employment is terminated. The Government recognizes the obligation for these benefits as a liability and uses an actuary to estimate the amount of the obligation. Expenses related to post-employment benefits are recognized in the period in which the employee's service is rendered and the benefit is earned.

(f) Retirement benefits

The Government's employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Government accounts for contributions to this pension plan as a defined contribution plan and, therefore, the Government's contributions represent its total pension obligations.

Retirement benefits to Members of the Legislative Assembly and judges are valued on an actuarial basis. Actuarial valuations of these benefits are performed triennially using the projected benefit method prorated on services. Pension expenses for these two plans are recognized as members render services. Actuarial gains and losses are amortized on a straight line basis over the estimated average remaining service lives of the participants. The accrued benefit liability for these plans is calculated as the accrued benefit obligation less plan assets, if any, adjusted by unamortized actuarial gains or losses.

(g) Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenditures reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable.

Some of the more significant management estimates relate to post-employment benefits, contingencies and revenue accruals. Other estimates, such as Canada health and social transfer payments and corporate and personal income tax revenue are based on estimates made by Canada's Department of Finance and are subject to adjustments in future years. Another significant estimate is the Grant from Canada, which incorporates estimates supplied by Statistics Canada and Canada's Department of Finance. Many of the statistical estimates are not finalized until three to seven years after the year end.

(h) Changes in accounting policies in 2005

In 2004/2005, the Government intends to adopt the remaining recommendations of the Canadian Institute of Chartered Accountants' Public Sector Accounting Board that are currently not applicable until the fiscal year beginning April 1, 2005. The most significant of these changes will be the recording of all tangible capital assets on the consolidated statement of financial position. Such changes will be applied retroactively with restatement of prior year amounts and will also have a significant impact on several measures of the Government's financial position such as its balance of non-financial assets, accumulated surplus and net financial resources/net debt.

3. Changes in accounting policies

Prior to this year, the Government's stated accounting policies were used as the basis of its financial statement preparation. Pursuant to certain requirements of the *Yukon Act (2002)* that came into force this year, the Government's financial statements must now be in accordance with Canadian generally accepted accounting principles for senior governments. These principles are recommended by the Canadian Institute of Chartered Accountants' Public Sector Accounting Board (PSAB). However, some of the PSAB recommendations have transitional provisions and therefore do not have to be implemented this year.

As transitional measures, in 2003/2004 the Government has applied a leased tangible capital assets accounting guideline issued by the PSAB, where capital lease obligations are accounted for as liabilities and leased properties are recorded as non-financial assets. This change in accounting policy was applied prospectively. The effect of this change in accounting policy in the current year's financial statements was an increase of non-financial assets by $11,111,000, an increase of liabilities by $11,307,000 and a reduction of the surplus for the year by $196,000.

In the current year, the Government also implemented an accrual basis of accounting for income tax revenue. Previously, income tax remittances for the taxation year were recognized as revenue of the fiscal year in which the taxation year ended. With the new accounting policy, the last three months of the fiscal year's entitlement is accrued as revenue based on an estimate provided by Canada's Department of Finance. This change in accounting policy was applied retroactively and comparative amounts have been restated. The effect of this change in accounting policy in the current year's financial statements was as follows:

	2004	2003
	(thousands of dollars)	
Increase in the opening accumulated surplus	$ 9,987	$ 9,176
Increase in financial assets	3,142	3,076
Decrease in liabilities	7,026	6,911
Increase in revenues	181	811
Increase of surplus for the year	181	811

4. Cash and cash equivalents

	2004	2003
	(thousands of dollars)	
Short-term investments	$ 35,075	$ 1,773
Bank balances (bank indebtedness)	6,603	(1,612)
Cash on hand	68	66
	$ 41,746	$ 227

Cash and cash equivalents include cash on hand, balances with banks and short-term investments that have terms to maturity of less than 90 days from the dates of acquisition.

5. Due from/to Canada

	2004	2003
		(Restated – Note 3)
	(thousands of dollars)	
Due from Canada		
Cost-sharing agreements and projects delivered on behalf of Canada	$ 36,213	$ 41,477
Federal grant receivable	20,516	39,947
Other	3,255	3,210
	$ 59,984	$ 84,634
Due to Canada		
RCMP	$ 3,415	$ 3,430
Superannuation contribution payable	3,147	1,735
Payroll deductions payable	2,795	-
Other	427	1,186
	$ 9,784	$ 6,351

Amounts due from and due to Canada are payable on demand and are non-interest bearing. The carrying amounts approximate fair market values because of their short term to maturity.

6. Accounts receivable

	2004	2003
	(thousands of dollars)	
Taxes, interest and other revenue receivables	$ 8,453	$ 11,064
Less valuation allowances	(1,203)	(3,679)
	7,250	7,385
Due from Territorial corporations	2,953	3,291
	$ 10,203	$ 10,676

7. Loans receivable

	2004	2003
	(thousands of dollars)	
Mortgages receivable, due in varying annual amounts to the year 2022, bearing interest rates ranging from 0.0% to 8.5%	$ 41,191	$ 44,253
Debenture loans to municipalities, due in varying annual amounts to the year 2028, bearing interest rates ranging from 5.0% to 13.3%	8,985	9,855
Agreements for sale, due in varying annual amounts over a three or five year term to the year 2009, bearing interest rates ranging from 4.8% to 8.5%	4,584	2,592
Business development assistance loans, due in varying annual amounts with varying terms, bearing interest rates ranging from 0.0% to 13.6%	3,783	4,427
Local improvement loans, due in varying annual amounts to the year 2031, bearing interest rates ranging from 2.3% to 13.5%	2,684	2,217
Others	500	503
Less valuation allowances	(3,172)	(3,300)
	$ 58,555	$ 60,547

8. Land held for sale

	2004	2003
	(thousands of dollars)	
Raw land	$ 45	$ 45
Land under development	8,042	9,517
Finished land	13,621	14,662
	$ 21,708	$ 24,224

Land held for sale is affected by the Yukon First Nations land claims negotiations. At March 31, 2004, $4.1 million (2003 - $4.4 million) of finished land is included in the scope of existing land claims. Recovery of costs of the land selected in land claims settlements is to be provided for by Canada as per provisions of the Bilateral Agreement of June 24, 1993.

9. Investments in government business enterprises

(a) Summary financial statements

Summary financial statements of the government entities accounted for by the modified equity method are provided below. The Yukon Development Corporation and the Yukon Government Fund Limited have a fiscal year end of December 31. The Yukon Development Corporation was unable to prepare the interim financial statements as of March 31; therefore, the information as of December 31 is used in the preparation of these financial statements. No events or transactions of financial significance have occurred for the Yukon Development Corporation or the Yukon Government Fund Limited between January 1 and March 31, 2004. The Yukon Liquor Corporation has a fiscal year end of March 31.

	Yukon Development Corporation	Yukon Government Fund Limited	Yukon Liquor Corporation	2004 Total	2003 Total
	(as at December 31, 2003)		(as at March 31, 2004)		
			(thousands of dollars)		
Balance Sheet					
Assets					
Current	$ 13,274	$ 1,744	$ 3,414	$ 18,432	$ 20,451
Investments	3,905	-	-	3,905	3,810
Capital Assets	158,859	-	2,613	161,472	156,560
Other	12,109	13,928	-	26,037	28,516
	$ 188,147	$ 15,672	$ 6,027	$ 209,846	$ 209,337
Liabilities					
Current	$ 6,296	$ 13	$ 2,740	$ 9,049	$ 11,510
Long-term debt	42,410	15,000	-	57,410	58,491
Other	22,558	117	674	23,349	23,120
Equity	116,883	542	2,613	120,038	116,216
	$ 188,147	$ 15,672	$ 6,027	$ 209,846	$ 209,337
Statement of Operations and Equity					
Revenues	$ 27,292	$ 913	$ 11,129	$ 39,334	$ 37,712
Expenses	23,377	661	5,758	29,796	28,363
Surplus	3,915	252	5,371	9,538	9,349
Remitted to the Government	-	-	(5,716)	(5,716)	(4,391)
Equity, beginning of year	112,968	290	2,958	116,216	111,258
Equity, end of year	$ 116,883	$ 542	$ 2,613	$ 120,038	$ 116,216

Equity represents the Government's investment in the government business enterprises.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements
March 31, 2004

(b) Inter-entity balances and transactions

	Yukon Development Corporation	Yukon Government Fund Limited	Yukon Liquor Corporation	2004 Total	2003 Total
	(as at December 31, 2003)		(as at March 31, 2004)		
			(thousands of dollars)		
Government of Yukon:					
Accounts receivable from	$ 73	$ -	$ 1,111	$ 1,184	$ 1,194
Loans receivable from	-	116	-	116	116
Accounts payable to	35	16	-	51	61
Long-term obligations to	4,114	2,572	-	6,686	2,572
Revenues from	157	-	629	786	999
Expenditures to	7,045	195	-	7,240	10,604

(c) Commitments

Yukon Government Fund Limited

On January 4, 1999 the Yukon Government Fund Limited finalized a Confidential Offering Memorandum for filing with the Business Immigration Division, Department of Citizenship and Immigration Canada. The offering expired on March 31, 1999. The company has obtained $15.0 million (2003 - $15.0 million) from investors, of which $3.0 million (2003 - $3.0 million) is restricted. $10.5 million (2003- $10.5 million) has been loaned to 19596 Yukon Inc. (Note 2(a)). The company has committed to use the remaining proceeds of the offering to invest in eligible businesses in the Yukon.

The $15.0 million due to investors is repayable as follows:

	(thousands of dollars)
2005	$ 5,000
2006	7,750
2007	2,000
2008	250
	$ 15,000

(d) Guarantees

The Government has guaranteed debts of the Yukon Development Corporation of $42.4 million (2003 - $43.5 million). In addition, the Government has guaranteed an operating demand overdraft facility to the Yukon Energy Corporation, a wholly owned subsidiary of the Yukon Development Corporation, of up to $10.0 million. It is expected that no significant costs will be incurred by the Government with respect to these guarantees.

10. Tangible Capital Assets

Tangible capital assets are buildings, roads, equipment, etc. whose life extends beyond the fiscal year and are intended to be used on an ongoing basis for delivering services.

The Government is in the process of accumulating information on all of its tangible capital assets. As each asset category is completed, cost and amortization information will be presented in the statement of tangible capital assets. For example, infrastructure costs for roads and bridges are currently being determined. The Government expects to report on the entire tangible capital assets owned by the Government as of the fiscal year 2004/2005.

In the consolidated statement of tangible capital assets, tangible capital assets are reported at cost. Tangible capital assets transferred from Canada are reported at their fair value at the date of transfer or, if it is not available, at the appraised value at various appraisal dates. In 2003/2004, the Government re-examined the historical cost information of major buildings and removed costs that were determined not to be capital, as well as changing the amortization calculation on some older buildings. A leased building that was included in the 2002/2003 information was also removed from the opening balance and included in the 2003/04 acquisitions in order to match the change in accounting policy for leased capital assets, which was applied prospectively. Effects of these corrections on the current year's statement of tangible capital assets were a reduction of the opening cost by $15 million, a reduction of the opening accumulated amortization by $3 million and a reduction of the opening net book value by $12 million.

Tangible capital assets that are held and available for use by the Government are reported based on the following capitalization thresholds and estimated useful lives.

Asset category	Threshold	Estimated useful life
Land	Nil	N/A
Land improvements and fixtures	$50,000	up to 50 years
Buildings	$50,000	40 - 50 years
Portable classrooms/housing trailers	$50,000	20 years
Heavy equipment	$10,000	7 - 30 years
Operating equipment	$10,000	7 - 25 years
Vehicles	$10,000	6 - 15 years
Computer hardware	$10,000	5 years
Computer software	$100,000	7 years
Leasehold improvements	$50,000	Lease term

Tangible capital assets under construction or development are reported as work-in-progress with no amortization until the asset is placed in service. The Government owns and/or maintains various historical sites. The Government also holds works of art with a total insured value of $2.1 million (2003 - $1.9 million). Works of art and historical treasures are not included in the statement of tangible capital assets.

Leased capital assets are reported as part of the respective asset category in the statement of tangible capital assets. These leased assets are amortized on a straight-line basis over the lease term or estimated economic life. The amortization expense for the year was $960,000. The cost and accumulated amortization of leased capital assets that are included in the statement of tangible capital assets are as follows:

	2004 (thousands of dollars)
Buildings (cost)	$ 12,071
Less accumulated amortization	(960)
	$ 11,111

11. Accounts payable and accrued liabilities

	2004	2003
	(thousands of dollars)	
Accounts payable	$ 18,255	$ 13,568
Accrued liabilities	14,790	22,245
Due to Territorial corporations	2,915	2,937
Contractors' holdbacks and security deposits	1,612	1,720
	$ 37,572	$ 40,470

12. Post-employment benefits

	2004	2003
	(thousands of dollars)	
Severance benefits	$ 22,362	$ 22,775
Sick leave obligation	12,135	10,650
Vacation leave obligation	9,395	7,644
Other	553	489
	$ 44,445	$ 41,558

Severance benefits are paid on termination of service or upon retirement.

If an employee has at least five years of continuous service, a cash-in of sick leave will be paid on termination of service or upon retirement. The cash-in amount is calculated as 1/3 of unused sick leave credits to a maximum of 60 days x daily pay rate at termination or retirement.

Other benefit obligations include unused compensatory and personal leave and travel bonus benefits.

The actuarial obligation for sick and vacation leave and severance benefits is calculated using the projected benefit method pro-rated on service. The obligation for compensatory and personal leave and travel bonus benefits is calculated assuming all employees would cash in those benefits on the valuation date. In projecting the accrued obligation for these benefits as at March 31, 2004, the actuary assumed a discount rate of 6.0% and general inflation of 2.5%. The actuary further assumed that general salary increases would be in line with inflation at 2.5% per annum.

Expenses related to post-employment benefits for the year ended March 31, 2004 were $6,619,000 (2003 - $11,549,000). The 2003 expenses of $11,549,000 included the expenses in the amount of $7,195,000 that were applicable to the fiscal year 2001/2002. Benefits paid by the Government from the post-employment benefits liability during the year amounted to $3,732,000 (2003 - $3,205,000).

13. Long-term debt

	2004	2003
	(thousands of dollars)	
Mortgages, with a variety of terms, secured by fixed charges against housing projects, repayable in blended monthly payments with maturities up to the year 2023, bearing fixed interest rates ranging from 5.0% to 12.5%. Fair value is estimated at $20,331,000 (2003 - $20,149,000).	$ 19,421	$ 20,141
Canada Mortgage and Housing Corporation loans, repayable in blended annual payments with maturities up to the year 2028, bearing fixed interest rates ranging from 5.0% to 13.3%. Fair value is estimated at $4,978,000 (2003 - $4,864,000).	4,387	4,563
Loans from Canada, repayable in annual instalments with maturities up to the year 2008, bearing fixed interest rates ranging from 6.1% to 11.1%	3,726	3,742
Loans from the Yukon Government Fund Limited, repayable 60 months after advance with maturities up to the year 2007, bearing a fixed interest rate of 7.7% calculated and compounded semi-annually and payable monthly	2,573	2,573
Other debentures, repayable in semi-annual instalments with maturities up to the year 2004, bearing a fixed interest rate of 13.0%	-	35
	$ 30,107	$ 31,054

Principal repayment requirements over the next five years on outstanding loans are as follows:

	(thousands of dollars)
2005	$ 981
2006	2,349
2007	3,016
2008	4,411
2009	1,342
Thereafter	18,008
	$ 30,107

Debt authority

Canada, pursuant to subsection 23(2) of the *Yukon Act* (Canada), has approved the Government borrowing up to $138 million.

	2004	2003
	(thousands of dollars)	
Debt of the consolidated entities:		
Government business enterprises (Note 9(a))		
Yukon Development Corporation, long-term debt	$ 42,410	$ 43,491
Yukon Government Fund Limited, term loans	15,000	15,000
	57,410	58,491
Fully and proportionately consolidated entities		
Yukon Housing Corporation, mortgages payable	19,421	20,141
Yukon Housing Corporation, CMHC loans	4,387	4,563
Government of Yukon, long-term debt	3,726	3,777
19596 Yukon Inc., term loans	2,573	2,573
	30,107	31,054
Total debt	87,517	89,545
Authorized borrowing limit	138,000	138,000
Available borrowing capacity	$ 50,483	$ 48,455

14. Capital lease obligations

Effective 2003/2004, the Government accounts for capital leases in accordance with the PSAB guideline where lease obligations are established with offsetting non-financial assets. This change in accounting policy was applied prospectively.

	2004 (thousands of dollars)
Building lease obligation payable monthly until the year 2012, with imputed interest rate of 11.0%. The building is to be transferred to the Government for $1.00 at the end of the lease term.	$ 3,936
Building lease obligation payable monthly until the year 2013, with imputed interest rate of 13.5%.	3,303
Building lease obligation payable monthly until the year 2012, with imputed interest rate of 6.0%	3,069
Building lease obligation payable monthly until the year 2010, with imputed interest rate of 13.3%.	999
	$ 11,307

Interest expense related to capital lease obligations for the year was $1,169,000 at an imputed average interest rate of 10.9%. The following is a schedule of future minimum lease payments under the capital lease obligations.

	(thousands of dollars)
2005	$ 2,817
2006	2,823
2007	2,841
2008	2,841
2009	2,841
Beyond 2009	9,132
Total minimum lease payments	23,295
Less: amount representing executory costs	(4,902)
amount representing rental of land	(1,587)
amount representing interest	(5,499)
	$ 11,307

15. Grant from Canada

	2004	2003
	(thousands of dollars)	
Formula Financing grant entitlement	$ 427,714	$ 366,278
Adjustments in respect of:		
Census	(15,187)	15,187
Formula financing escalators	10,785	(1,524)
Tax effort adjustment	1,173	(2,949)
Own source revenues and recoveries	1,720	5,326
Formula Financing grant	426,205	382,318
Less oil and gas revenue offset	(70)	(497)
Grant from Canada per Schedule of Revenues (Schedule A)	$ 426,135	$ 381,821

The Government receives a grant from Canada according to an agreed formula. The current Formula Financing Agreement with Canada was in effect for the period April 1, 1999 to March 31, 2004. At the First Ministers' meeting in September 2004, the Government agreed to amend the Formula Financing Agreement to address several issues in regards to the escalators, predicated on a commitment that the grant in future years would be adjusted by the rate of growth in equalization payments. In recognition of this, the amount previously booked for the census adjustment of $15.2 million at March 31, 2003 is reversed.

The grant entitlement increase in 2004 was partly due to the transfer of programs from Canada effective April 1, 2003 (Note 22).

Subsequent event

The Formula Financing grant calculation was finalized using July 1 population statistics released by Statistics Canada on September 29, 2004. This resulted in increased Formula Financing grant revenue and receivable from Canada of $3.8 million.

16. Expenditures by object

	2004	2003
	(thousands of dollars)	
Operations and maintenance		
Personnel	$ 235,511	$ 216,089
Transfer payments	111,668	96,529
Contract and special services	62,943	74,864
Materials, supplies and utilities	55,006	43,808
Communication and transportation	32,742	17,579
Interest on long-term debt and capital lease obligations	4,196	2,646
Other	9,404	5,412
	$ 511,470	$ 456,927
Capital		
Building and infrastructure	$ 46,381	$ 62,448
Transfer payments	27,897	16,968
Equipment	9,491	6,484
Other	11,007	10,393
	$ 94,776	$ 96,293

17. Pension and retirement benefit liabilities

(a) Public Service Superannuation Plan

The Government's employees participate in the Public Service Superannuation Plan administered by the Government of Canada. In this plan, employees accumulate pension benefits at 2% per year of pensionable service based on their five consecutive years of highest paid services. The Government contributes at a basic rate of 2.14 times the employee's contribution. The Government's contributions to the Public Service Superannuation Plan during the year and recorded as expenditures were $19,900,000 (2003 - $17,739,000).

(b) Legislative Assembly Retirement Allowances Plan

The Legislative Assembly Retirement Allowances Plan is a contributory defined benefit pension plan. In addition to retirement allowances, the plan also contains a provision for payment of lump sum death and severance allowances. These benefits are based on service and/or earnings. The Government administers the Legislative Assembly Retirement Allowances Fund, and reports the Fund as a trust asset external to the Government of Yukon reporting entity (Note 18). It is the Government's policy to fully fund this pension plan.

The *Legislative Assembly Retirement Allowances Act* (Yukon) stipulates that actuarial valuations of the obligation for these benefits must be performed at least triennially. An actuarial valuation is based on a number of assumptions about future events, such as inflation rates, interest rates, salary increases and member turnover and mortality. These assumptions reflect the best estimates of expected long-term rates and short-term forecasts accepted by the Members' Services Board of the Legislative Assembly. The last completed actuarial valuation was as at March 31, 2002. The accrued benefit obligation shown for 2004 is based on an extrapolation of that 2002 valuation (Schedule D).

(c) Territorial Court Judiciary Pension Plan

The Territorial Court Judiciary Pension Plan is a non-contributory defined benefit pension plan. In this plan, benefits are accrued at an annual rate of 3% based on the judges' highest twenty-four months of pensionable earnings. Benefit costs under this plan are offset by benefits paid under the Public Service Superannuation Plan and the Retirement Compensation Arrangement which are contributory plans. The *Territorial Court Judiciary Pension Plan Act* (Yukon) stipulates that no fund is to be maintained for this plan.

The actuarial report for this plan was prepared at March 31, 2002. The accrued benefit obligation shown for 2004 is based on an extrapolation of that 2002 valuation (Schedule D).

	2004	2003
	(thousands of dollars)	
Pension and retirement benefit liabilities		
Legislative Assembly Retirement Allowance Plan	$ 118	$ 136
Territorial Court Judiciary Pension Plan	2,335	2,091
	$ 2,453	$ 2,227

18. **Trust assets**

The Government administers trust accounts on behalf of third parties which are not included in the Government's assets.

The largest such trust account, the Compensation Fund (Yukon) has a fiscal year end of December 31. Details of the assets of the Compensation Fund (Yukon), principally investments, are available from its financial statements, which are reproduced in Section III of the Public Accounts of the Government. The remaining trust assets are invested primarily in short-term and long-term bonds.

Investments are valued at the lower of cost and market. Any other assets held under administration such as property, securities and valuables are reflected in trust accounts only upon conversion to cash.

	2004	2003
	(thousands of dollars)	
Compensation Fund (Yukon)	$ 128,578	$ 134,310
Legislative Assembly Retirement Allowances (Note 17(b))	18,571	17,060
Lottery Commission	2,769	2,743
Land Title Office – Assurance Fund	2,332	2,135
Crime Prevention and Victim Services	2,250	2,080
Historic Resources Trust Fund	1,144	1,069
Forest Sector Fund	1,035	-
Public Administrator	831	783
Other	1,848	1,783
	$ 159,358	$ 161,963

19. Main Estimates

The Main Estimates comparative figures are from the Main Estimates approved in the Legislative Assembly in 2003. These figures do not reflect changes arising from the Supplementary Estimates approved later in the year by the Legislative Assembly.

20. Commitments

The Government has entered into agreements for, or is contractually committed to, the following expenditures payable subsequent to March 31, 2004:

	Expiry Date	2005	2006 – 2013	Total
		(thousands of dollars)		
Capital projects				
- in progress at March 31, 2004	2006	$ 26,269	$ 1,700	$ 27,969
(recoverable amount)		(19,714)	(1,700)	(21,414)
RCMP policing agreement	2012	11,282	89,041	100,323
Connect Yukon (Note 2 (a))	2005	10,227	-	10,227
Building/office space leases	2013	7,795	25,105	32,900
Miscellaneous operational commitments	2006	7,937	3,779	11,716
		$ 43,796	$ 117,925	$ 161,721

21. Overexpenditure

During the year, two (2003 - two) departments exceeded their votes with an aggregate total of $819,000 (2003 - $7,949,000). Overexpenditure of a vote contravenes subsection 17(2) of the *Financial Administration Act* (Yukon) which specifies that "a vote does not authorize any payment to be made in excess of the amount specified in the vote".

The votes that were overexpended are as follows:

	(thousands of dollars)
Operations and maintenance	
Health and Social Services	$ 416
Public Service Commission	403

The *Appropriation Acts* (Yukon) states that the Government is not to expend grant payments in excess of the amounts specified in the Acts. During the year, four (2003 – three) departments exceeded the authorized amounts for the following grants:

Operations and maintenance grants	
Community Services	
- In lieu of property taxes	$ 11
- Home owner grants	65
Education	
- Post secondary student grants	183
Environment	
- Canada Cooperative Wildlife Health Centre	1
Health and Social Services	
- Child care subsidies	105
- Federal child benefit – Whitehorse	58
- Pioneer utility grant	6
- Federal child benefit – region	26

22. Transfer of programs from Canada

Effective April 1, 2003, pursuant to the Yukon Northern Affairs Program Devolution Transfer Agreement which was signed on October 29, 2001, the resources and responsibilities associated with the Northern Affairs Program of the Department of Indian Affairs and Northern Development were transferred from Canada to the Government. The programs and responsibilities that were transferred include land, water, forestry and mineral resources. With this transfer of programs, Canada is to provide on-going funding estimated at $36.4 million to the Government as well as one-time and transitional funding of, at a minimum, $23.2 million over the five years beginning with the fiscal year 2003/2004. The funding received in 2003/2004 for these purposes through Formula Financing grant were $36.4 million for on-going and $7.2 million as one-time.

23. Land claims

The Government, with Canada and the various Yukon First Nations, is engaged in the negotiation of aboriginal land claims (final) and self-government agreements. On February 14, 1995, Federal and Yukon legislation came into force giving effect to four Yukon First Nation Final Agreements, which incorporated the provisions of the Umbrella Final Agreement (UFA) and specific provisions for each First Nation, and four Self-Government Agreements. The UFA is a framework document signed by the Council for Yukon Indians, Canada, and the Government. Two more Yukon First Nation Final and Self-Government Agreements came into effect on October 1, 1997, another on September 15, 1998, another on April 1, 2002, and the most recent on February 2, 2004. Negotiations are proceeding with the remaining five First Nations on an individual basis. As well, the Government, with Canada, has engaged in land claims negotiations with one transboundary First Nation and anticipates further transboundary negotiations. Any settlement of these claims will not result in a liability to the Government as they are to be funded by Canada.

The Government signed a bilateral funding agreement with Canada on June 24, 1993 that provides for funding towards the Government's additional implementation costs. Costs funded by this agreement include boards and councils established under the Yukon First Nation Final Agreements and implementation projects and activities. In 2003/2004 the bilateral funding agreement was amended to include the federal Northern Affairs Program implementation funding and the council and commission funding that came to Yukon as part of the Northern Affairs Program Devolution Transfer Agreement.

The Government expended $4.6 million during the year (2003 - $3.6 million) with cumulative expenditures of approximately $28.0 million (2003 - $23.3 million), of which $27.0 million (2003 - $22.5 million) was funded by Canada.

24. Contingencies

In the normal course of operations, the Government is subject to legal claims. At March 31, 2004 the Government estimated the total claimed amount to be about $2.7 million (2003 - $2.7 million). No liability has been admitted and no provision for claims is included in these financial statements.

25. Environmental liabilities

The Government recognizes that there could be a liability for restoration of the environment on the land that is administered and controlled by the Government (Commissioner's Land). The Government does not actively search for contaminated sites, and is only aware of those that are brought to its attention. Consequently, there may be other as yet unidentified sites.

The Government has been informed of 37 sites on Commissioner's Land where environmental liabilities may exist. Of these, 12 sites are airports and are subject to the airport transfer agreements between the Government and Transport Canada; at two airports Transport Canada is responsible for the assessment and remediation of contamination, while at the remaining 10 airports/aerodromes the Government is responsible for assessing and identifying areas of potential contamination, but Transport Canada is responsible for the costs of remediation.

21 sites are highway maintenance camps; one of these sites has had a site investigation completed which determined that additional assessment is not necessary at this time, and 20 sites are either being assessed or awaiting assessment dependent on funding availability. Quantifiable portions of remediation costs for some of these sites are currently estimated at $300,000. Of the remaining four sites, one has been formally designated as contaminated under the *Environment Act* (Yukon) and the *Contaminated Sites Regulation*. The Government is not a Responsible Party for this site but may incur some future environmental liability as the landowner.

Pursuant to the Yukon Northern Affairs Program Devolution Transfer Agreement which was made on October 29, 2001, effective April 1, 2003 the Government assumed administration and regulatory responsibility for nearly 900 waste sites. Canada, however, is to continue assuming the financial responsibility for a majority of those sites that were contaminated while under Canada's control. The Government will assume some potential liability for six sites for which Canada is released from further financial liability, and seven sites where the Government will remediate the sites and then seek reimbursement from Canada under the terms of the Agreement. As at March 31, 2004 the potential liability, if any, for these 13 sites has not been assessed.

26. Related parties

Related party transactions not disclosed elsewhere in the financial statements are as follows:

	2004	2003
	(thousands of dollars)	
Transfer payments		
Yukon Hospital Corporation	$ 24,238	$ 21,851
Yukon College	14,578	13,811
Yukon Legal Services Society	1,384	1,256
Yukon Arts Centre Corporation	847	656
Yukon Human Rights Commission	371	374
	$ 41,418	$ 37,948

27. Comparative figures

Certain comparative figures for 2003 have been reclassified to conform with the 2004 presentation.

GOVERNMENT OF YUKON

Schedule A

Consolidated Schedule of Revenues by Source for the year ended March 31, 2004

	2004		2003
	Main Estimates	Actual	Actual
	(Note 19)	(thousands of dollars)	(Restated - Note 3)
Grant from Canada (Note 15)	$ 359,796	$ 426,135	$ 381,821
Taxes and general revenues			
Income taxes	36,641	40,888	37,059
Other taxes	19,251	18,864	18,643
Licences, permits and fees	6,490	7,635	6,823
Oil and gas resource revenue	4,013	3,116	3,828
Interest - bank and other	250	1,121	650
Gain on sale of lots	-	876	288
Aviation operations	753	804	728
Slot machine revenue	-	766	-
Fines	283	473	436
Land and mineral leases and royalties	75	317	71
Other revenues	56	500	527
	67,812	75,360	69,053
Health and social transfers from Canada			
Canada Health and Social Transfer	21,730	22,676	19,889
Northern Health Accord	-	6,667	-
Health Reform Transfer	-	979	-
	21,730	30,322	19,889
Investment income			
Yukon Liquor Corporation	4,861	5,371	4,471
Yukon Development Corporation	-	3,914	4,654
Yukon Government Fund Limited	-	252	224
	4,861	9,537	9,349
	$ 454,199	$ 541,354	$ 480,112

GOVERNMENT OF YUKON

Schedule B

Consolidated Schedule of Recoveries by Function
for the year ended March 31, 2004

	2004		2003
	Main Estimates (Note 19)	Actual	Actual
		(thousands of dollars)	
Operations and maintenance			
Health and social services	$ 16,595	$ 18,807	$ 14,153
Community and transportation	10,567	13,663	10,168
General government	7,748	6,634	6,546
Natural resources	1,353	5,922	1,457
Education	2,524	2,602	2,505
Justice	1,506	1,713	1,471
Business, tourism and culture	420	527	606
Interest	3,151	3,120	3,306
	$ 43,864	**$ 52,988**	**$ 40,212**
Capital			
Community and transportation	$ 27,810	$ 20,478	$ 30,194
General government	1,827	1,117	1,094
Natural resources	110	729	1,004
Health and social services	-	453	697
Business, tourism and culture	-	335	277
Education	40	51	112
Justice	-	25	111
	$ 29,787	**$ 23,188**	**$ 33,489**

GOVERNMENT OF YUKON

Schedule C

Consolidated Schedule of Expenditures by Function
for the year ended March 31, 2004

	2004		2003
	Main Estimates (Note 19)	Actual (Note 16)	Actual
		(thousands of dollars)	
Operations and maintenance			
Health and social services	$ 142,226	$ 154,561	$ 143,028
Education	91,791	94,501	92,083
Community and transportation	80,337	92,671	77,142
General government	63,403	70,459	70,436
Natural resources	21,804	44,641	22,413
Justice	34,089	34,700	33,935
Business, tourism and culture	14,368	15,741	15,243
Interest	3,369	4,196	2,647
	$ 451,387	**$ 511,470**	**$ 456,927**
Capital			
Community and transportation	$ 54,227	$ 54,743	$ 60,308
General government	10,985	11,771	9,109
Education	10,467	10,115	9,672
Business, tourism and culture	3,475	9,045	5,293
Natural resources	4,779	6,640	5,679
Health and social services	1,272	2,107	4,606
Justice	318	355	1,626
	$ 85,523	**$ 94,776**	**$ 96,293**

GOVERNMENT OF YUKON

Schedule D

Consolidated Schedule of Pension and Retirement Plans
for the year ended March 31, 2004

	2004			2003
	Legislative Assembly Retirement Allowance Plan	Territorial Court Judiciary Pension Plan	Total (Note 17)	Total
	(thousands of dollars)			
Pension and retirement plan assets are valued at the lower of cost and market.				
Accrued benefit obligation				
Obligation at beginning of year	$ 17,050	$ 2,114	$ 19,164	$ 17,852
Current service costs	922	117	1,039	827
Interest cost on benefit obligation	1,033	151	1,184	1,093
Actuarial loss	-	152	152	-
Benefits paid	(582)	(30)	(612)	(608)
Accrued benefit obligation at end of year	$ 18,423	$ 2,504	$ 20,927	$ 19,164
Pension plan assets				
Value at beginning of year	$ 17,060	$ -	$ 17,060	$ 13,498
Actual return on plan assets	1,171	-	1,171	964
Government contributions	830	30	860	3,143
Member contributions	92	-	92	63
Benefits paid	(582)	(30)	(612)	(608)
Value at end of year	$ 18,571	$ -	$ 18,571	$ 17,060
Funded status - plan surplus (deficit)	$ 148	$ (2,504)	$ (2,356)	$ (2,104)
Unamortized net actuarial (gain) loss	(266)	169	(97)	(123)
Accrued benefit liability	$ (118)	$ (2,335)	$ (2,453)	$ (2,227)
Net pension expense				
Current service costs	$ 922	$ 117	$ 1,039	$ 756
Less: Member contributions	(92)	-	(92)	-
Interest cost on benefit obligation	1,033	151	1,184	1,093
Expected return on plan assets	(1,034)	-	(1,034)	(810)
Amortization of net actuarial (gain) loss	(17)	6	(11)	(2)
Value at end of year	$ 812	$ 274	$ 1,086	$ 1,037
Assumptions				
Expected long-term rate of return on assets	6.0%	N/A		
Discount rate on projected benefit obligation	6.0%	6.0%		
Inflation	3.0%	3.0%		
* Rate of compensation increase	** 3.0%	*** 3.0%		
Amortization period (expected average remaining service life)	8 years	4 years		

* Assumed to be same as inflation rate.

** Annual rates of increase in indemnities and expense allowances. No salary increases are assumed.

*** Increase to $178,000 on April 1, 2003, assumed rate thereafter.

PART TWO

NON-CONSOLIDATED FINANCIAL STATEMENTS

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SECTION I

GOVERNMENT OF YUKON

FINANCIAL STATEMENTS

(unaudited)

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GOVERNMENT OF YUKON

Statement of Financial Position
as at March 31, 2004

	2004	2003
		(Restated - Note 3)
	(thousands of dollars)	
ASSETS		
Financial assets		
Cash and cash equivalents (Note 4)	$ 39,332	$ 1,072
Due from Canada (Note 5)	59,287	83,954
Accounts receivable (Note 6)	12,624	12,963
Advances to Territorial corporations (Note 7)	34,257	38,612
Loans receivable (Note 8)	21,431	23,694
Land held for sale (Note 9)	19,922	22,114
	186,853	182,409
Non-financial assets		
Leased capital assets (Notes 10 and 14)	11,111	-
Inventories	3,640	3,148
Prepaid expenses	959	866
Tangible capital assets, at a nominal value of one dollar (Note 10)	-	-
	$ 202,563	**$ 186,423**
LIABILITIES		
Bank indebtedness (Note 4)	$ -	$ 2,516
Due to Canada (Note 5)	9,777	6,350
Accounts payable and accrued liabilities (Note 11)	36,689	39,468
Deferred revenues	3,336	2,109
Post-employment benefits (Note 12)	43,859	40,908
Long-term debt (Note 13)	3,726	8,161
Capital lease obligations (Note 14)	11,307	-
Pension and retirement benefit liabilities (Note 18 and Schedule D)	2,453	2,227
	111,147	101,739
Contingencies, commitments and guarantees (Notes 9, 21, 23, 25, 26 and 27)		
SURPLUS		
Accumulated surplus		
Surplus	85,644	77,682
Dedicated funds (Note 15)	-	2,000
	85,644	79,682
Restricted funds (Note 15)	5,772	5,002
	$ 202,563	**$ 186,423**

The accompanying notes and schedules are an integral part of these non-consolidated financial statements.

Approved:

Bruce McLennan, CMA
Deputy Head of the Department of Finance

Dennis Fentie
Minister of Finance

GOVERNMENT OF YUKON

Statement of Operations and Accumulated Surplus for the year ended March 31, 2004

	2004		2003
	Main Estimates (Note 20)	Actual	Actual (Restated - Note 3)
		(thousands of dollars)	
Revenues (Schedule A)			
Grant from Canada (Note 16)	$ 359,796	$ 426,135	$ 381,821
Taxes and general revenues	72,673	80,607	73,084
Health and social transfers from Canada	21,730	30,322	19,889
Recoveries (Schedule B)			
Operations and maintenance	33,691	42,981	30,512
Capital	29,537	22,770	33,017
	517,427	602,815	538,323
Expenditures (Note 17 and Schedule C)			
Operations and maintenance	441,214	504,577	449,345
Capital	85,273	93,180	95,066
	526,487	597,757	544,411
Recovery of prior years' expenditures	-	904	772
Surplus (deficit) for the year	$ (9,060)	5,962	(5,316)
Accumulated surplus at beginning of year, as previously reported		69,695	75,822
Adjustment to accumulated surplus, beginning of year - change in accounting policy (Note 3)		9,987	9,176
Accumulated surplus at beginning of year, restated		79,682	84,998
Accumulated surplus at end of year		$ 85,644	$ 79,682

The accompanying notes and schedules are an integral part of these non-consolidated financial statements.

GOVERNMENT OF YUKON

Statement of Cash Flows
for the year ended March 31, 2004

	2004	2003
		(Restated - Note 3)
	(thousands of dollars)	
Operating activities		
Surplus (deficit) for the year	$ 5,962	$ (5,316)
Non-cash items included in surplus (deficit) for the year		
Provision for doubtful loans receivable	484	2
Provision for write-down of land held for sale	432	3,026
Gain on sale of lots	(876)	(289)
Provision for post-employment, pension and retirement benefits	3,177	8,741
Amortization of leased tangible capital assets	960	-
Adjustment due to change in accounting policy	-	(2,482)
Changes in non-cash operating activities		
Decrease in temporary investments	-	11,046
Decrease (increase) in due from Canada	24,667	(41,882)
Decrease (increase) in accounts receivable	339	(3,462)
Decrease (increase) in inventories and prepaid expenses	(585)	461
Increase in due to Canada	3,427	1,505
Decrease in accounts payable and accrued liabilities	(2,779)	(2,438)
Increase in deferred revenues	1,227	427
Cash flows from (used in) operating activities	36,435	(30,661)
Investing activities		
Investment in land held for sale	(3,896)	(2,929)
Proceeds from sale of land held for sale	221	20
Repayment of advances from Territorial corporations	3,475	450
Loans advanced	(985)	(511)
Loans repaid	5,571	5,804
Increase in restricted funds	770	318
Cash flows from investing activities	5,156	3,152
Financing activities		
Repayment of long-term debt	(51)	(135)
Repayment of capital lease obligations	(764)	-
Cash flows used in financing activities	(815)	(135)
Net increase (decrease) in cash and cash equivalents	40,776	(27,644)
Cash and cash equivalents		
Beginning of year	(1,444)	26,200
End of year (Note 4)	**$ 39,332**	**$ (1,444)**
Supplemental information		
Interest paid in the year	$ 1,534	$ 666
Interest received in the year	1,784	1,602

The accompanying notes and schedules are an integral part of these non-consolidated financial statements.

GOVERNMENT OF YUKON

Statement of Tangible Capital Assets
for the year ended March 31, 2004

	Land	Buildings	Equipment and Vehicles	Computer Hardware and Software	Other*	2004 Total	2003 Total
				(thousands of dollars)			(Restated - Note 10)
Cost of tangible capital assets, opening	$ 4,028	$ 338,408	$ 66,847	$ 18,752	$ 3,382	$ 431,417	$ 402,032
Acquisitions	594	22,146	3,227	1,479	1,871	29,317	33,146
Write-downs	-	-	-	-	-	-	-
Disposals	-	-	(1,137)	(1,083)	-	(2,220)	(3,761)
Cost of tangible capital assets, closing	4,622	360,554	68,937	19,148	5,253	458,514	431,417
Accumulated amortization, opening	-	125,897	37,628	12,371	2,102	177,998	166,682
Amortization expense	-	9,385	2,252	1,550	438	13,625	14,703
Disposals	-	-	(1,026)	(1,083)	-	(2,109)	(3,387)
Accumulated amortization, closing	-	135,282	38,854	12,838	2,540	189,514	177,998
Net book value	4,622	225,272	30,083	6,310	2,713	269,000	253,419
Work-in-progress	-	1,705	-	291	2,126	4,122	2,989
	$ 4,622	$ 226,977	$ 30,083	$ 6,601	$ 4,839	$ 273,122	$ 256,408
**Value of contributed assets		$ 26,945	$ 1,425	$ 580	$ 293	$ 29,243	$ 25,040

* Includes portable classrooms, land improvements and fixtures.

** Relates to the value of tangible capital assets that were transferred from or cost shared with Canada.

Notes to Financial Statements
March 31, 2004

1. Authority and operations

The Government of Yukon (the Government) operates under the authority of the *Yukon Act* (Canada). All disbursements for operations and loans are authorized by the Yukon Legislative Assembly.

2. Significant accounting policies

(a) Financial statements

These financial statements are prepared on a non-consolidated basis for the purpose of determining the financial resources realistically available to the Government to meet its program responsibilities. Financial statements of the Yukon Housing Corporation, the Yukon Liquor Corporation, the Yukon Development Corporation and the Compensation Fund (Yukon) are reported on separately.

Net cost of operations of the Yukon Housing Corporation is included in the transfer payment to the Corporation. Yukon Liquor Corporation's net income, less acquisition of capital assets and related amortization, is included in revenues. Income of the Yukon Development Corporation and the Compensation Fund (Yukon) is retained within the entities and is, therefore, not reflected in these financial statements.

The Government also prepares a set of consolidated financial statements following the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(b) Basis of accounting

Revenues

Revenues are recorded on an accrual basis. Income taxes, levied under the *Income Tax Act* (Yukon), are collected by Canada on behalf of the Government under a tax collection agreement and are remitted to the Government monthly. The remittances are based on Canada's Department of Finance's best estimates for the taxation year, which are periodically adjusted until the income tax assessments for that year are final. Changes to personal and corporate income tax estimates can have a significant impact on the Grant from Canada.

Revenue from general property tax is recognized on an accrual basis in the fiscal year in which the calendar year ends.

Expenditures

Operations and maintenance expenditures are recorded on an accrual basis. Transfer payments are recorded as expenditures when paid or earlier if the terms of a contractual transfer agreement have been met.

Expenditures are recovered from Canada and other sources under various cost-sharing agreements including reconstruction of the Alaska Highway, social assistance and occupational training. The amounts are recorded as recoverable in the year in which the related expenditures are incurred. Any adjustments upon finalization are reflected in the accounts in the year of adjustment.

Recovery of prior years' expenditures includes reversal of amounts accrued in prior years which are in excess of actual expenses. These amounts cannot be used to increase the amount appropriated for expenditures for the current year.

Assets

Financial assets

Loans receivable are stated at the lower of principal amounts and net recoverable value. Valuation allowances, which are recorded to reduce loans receivable to their net recoverable amount, are based on historical experience, current conditions and all circumstances known at the date of the preparation of the financial statements. Interest revenue is recognized on an accrual basis until such time that the collectibility of either principal or interest is not reasonably assured.

Land held for sale comprises the costs of acquiring, planning and developing serviced lots for eventual sale. The lots are valued at cost, except, when there has been a loss in value that is other than a temporary decline, in which case the lots are written down to recognize the loss. Gains or losses on the sale of lots are recognized at the time of sale.

Non-financial assets

Inventories consist primarily of fuel and lubricants, repair parts, stationery and office supplies, highway materials, and engineering, building and maintenance supplies, and are valued at the lower of cost and replacement value. Other materials and supplies are charged to expenditures at the time of acquisition.

For capital leases, an amount equal to the present value of the minimum lease payments required over the term of the lease or the fair value of the leased property, whichever is less, is recorded as a leased capital asset with an offsetting capital lease obligation.

Tangible capital assets are charged to expenditures at the time of acquisition or construction and are shown on the statement of financial position at a nominal value of one dollar. The Government is currently in the process of accumulating information on all of its tangible capital assets. The Government intends to change its accounting policy for tangible capital assets and record them on the statement of financial position as of the fiscal year 2004/2005 (Notes 2(h) and 10).

Liabilities

Liabilities include financial claims payable by the Government and deferred revenues.

Deferred revenues are cash received for which goods and services have not been provided by year end, and are comprised of motor vehicle licence fees and other items for the following fiscal year.

(c) Investments

The *Financial Administration Act* (Yukon) allows the Government to invest money from the consolidated revenue fund in the following investments:

- securities that are obligations of, or guaranteed by, Canada or a province;
- fixed deposits, notes, certificates and other short term paper of, or guaranteed by, a bank including swapped deposit transactions in currency of the United States of America;
- commercial paper issued by a company incorporated under the laws of Canada or a province, the securities of which are rated in the highest rating category by at least two recognized security rating institutions.

The duration of the securities held depends on cash projections but usually averages under a year in length.

(d) Grant and transfer payments from Canada

The grant is subject to the terms of a financial agreement with Canada and is receivable in monthly instalments. Periodic adjustments, as they become known, are made to the grant when income taxes, health and social transfer contributions from Canada and certain operating revenues and recoveries collected by the Government differ from the estimated amounts which were used to determine the grant for the fiscal year. Further adjustments are made in accordance with escalation and tax effort adjustment clauses in the agreement. Other adjustments may arise out of new federal initiatives or unforeseen events.

Health and social transfer payments are received from Canada in accordance with the *Federal-Provincial Fiscal Arrangements Act*. These revenues are recognized when entitlement occurs. Adjustments are made in accordance with the arrangements in the year they are known.

(e) Post-employment benefits

Post-employment benefits are expected to be provided after employment but before retirement to employees. These benefits include severance benefits and accumulated sick, vacation, compensatory and personal leave and travel bonus benefits that are paid in cash when employment is terminated. The Government recognizes the obligation for these benefits as a liability and uses an actuary to estimate the amount of the obligation. Expenses related to post-employment benefits are recognized in the period in which the employee's service is rendered and the benefit is earned.

(f) Retirement benefits

The Government's employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Government accounts for contributions to this pension plan as a defined contribution plan and, therefore, the Government's contributions represent its total pension obligations.

Retirement benefits to Members of the Legislative Assembly and judges are valued on an actuarial basis. Actuarial valuations of these benefits are performed triennially using the projected benefit method prorated on services. Pension expenses for these two plans are recognized as members render services. Actuarial gains and losses are amortized on a straight line basis over the estimated average remaining service lives of the participants. The accrued benefit liability for these plans is calculated as the accrued benefit obligation less plan assets, if any, adjusted by unamortized actuarial gains or losses.

(g) Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenditures reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable.

Some of the more significant management estimates relate to post-employment benefits, contingencies and revenue accruals. Other estimates, such as Canada health and social transfer payments and corporate and personal income tax revenue are based on estimates made by Canada's Department of Finance and are subject to adjustments in future years. Another significant estimate is the Grant from Canada, which incorporates estimates supplied by Statistics Canada and Canada's Department of Finance. Many of the statistical estimates are not finalized until three to seven years after the year end.

(h) Changes in accounting policies in 2005

In 2004/2005, the Government intends to adopt the remaining recommendations of the Canadian Institute of Chartered Accountants' Public Sector Accounting Board that are currently not applicable until the fiscal year beginning April 1, 2005. The most significant of these changes will be the recording of all tangible capital assets on the consolidated statement of financial position. Such changes will be applied retroactively with restatement of prior year amounts and will also have a significant impact on several measures of the Government's financial position such as its balance of non-financial assets, accumulated surplus and net financial resources/net debt.

3. Changes in accounting policies

Prior to this year, the Government's stated accounting policies were used as the basis of its financial statement preparation. Pursuant to certain requirements of the *Yukon Act (2002)* that came into force this year, the Government's financial statements must now be in accordance with Canadian generally accepted accounting principles for senior governments. These principles are recommended by the Canadian Institute of Chartered Accountants' Public Sector Accounting Board (PSAB). However, some of the PSAB recommendations have transitional provisions and therefore do not have to be implemented this year.

As transitional measures, in 2003/2004 the Government has applied a leased tangible capital assets accounting guideline issued by the PSAB, where capital lease obligations are accounted for as liabilities and leased properties are recorded as non-financial assets. This change in accounting policy was applied prospectively. The effect of this change in accounting policy in the current year's financial statements was an increase of non-financial assets by $11,111,000, an increase of liabilities by $11,307,000 and a reduction of the surplus for the year by $196,000.

In the current year, the Government also implemented an accrual basis of accounting for income tax revenue. Previously, income tax remittances for the taxation year were recognized as revenue of the fiscal year in which the taxation year ended. With the new accounting policy, the last three months of the fiscal year's entitlement is accrued as revenue based on an estimate provided by Canada's Department of Finance. This change in accounting policy was applied retroactively and comparative amounts have been restated. The effect of this change in accounting policy in the current year's financial statements was as follows:

	2004	2003
	(thousands of dollars)	
Increase in the opening accumulated surplus	$ 9,987	$ 9,176
Increase in financial assets	3,142	3,076
Decrease in liabilities	7,026	6,911
Increase in revenues	181	811
Increase of surplus for the year	181	811

4. Cash and cash equivalents

	2004	2003
	(thousands of dollars)	
Short-term investments	$ 33,966	$ 1,008
Bank balances (bank indebtedness)	5,301	(2,516)
Cash on hand	65	64
	$ 39,332	$ (1,444)

Cash and cash equivalents include cash on hand, balances with banks and short-term investments that have terms to maturity of less than 90 days from the dates of acquisition.

5. Due from/to Canada

	2004	2003 (Restated – Note 3)
	(thousands of dollars)	
Due from Canada		
Cost-sharing agreements and projects delivered on behalf of Canada	$ 35,600	$ 40,908
Federal grant receivable	20,516	39,947
Other	3,171	3,099
	$ 59,287	$ 83,954
Due to Canada		
RCMP	$ 3,415	$ 3,430
Superannuation contribution payable	3,147	1,735
Payroll deductions payable	2,795	-
Other	420	1,185
	$ 9,777	$ 6,350

Amounts due from and due to Canada are payable on demand and are non-interest bearing. The carrying amounts approximate fair market values because of their short term to maturity.

6. Accounts receivable

	2004	2003
	(thousands of dollars)	
Taxes, interest and other revenue receivables	$ 7,833	$ 10,317
Less valuation allowances	(1,007)	(3,452)
	6,826	6,865
Due from Territorial corporations	5,798	6,098
	$ 12,624	$ 12,963

7. Advances to Territorial corporations

	2004	2003
	(thousands of dollars)	
Yukon Housing Corporation Working capital advances	$ 34,257	$ 38,612

The advances are interest free and have various repayment terms.

8. Loans receivable

	2004	2003
	(thousands of dollars)	
Debenture loans to municipalities, due in varying annual amounts to the year 2028, bearing interest rates ranging from 5.0% to 13.3%	$ 8,985	$ 9,855
Due from Yukon Housing Corporation for lands agreements, due in periodic instalments to the year 2009, bearing interest at 0.0%	5,055	2,973
Business development assistance loans, due in varying annual amounts with varying terms, bearing interest rates ranging from 0.0% to 13.6%	3,783	4,427
Local improvement loans, due in varying annual amounts to the year 2031, bearing interest rates ranging from 2.3% to 13.5%	2,684	2,217
Loan to Yukon Housing Corporation, due in periodic instalments to the year 2014, bearing interest at 0.0%	1,498	1,651
Agreements for sale, due in varying annual amounts over a three or five year term to the year 2009, bearing interest rates ranging from 5.0% to 8.5%	509	117
Loan to Yukon Housing Corporation, due in periodic instalments to the year 2021, bearing interest at 0.0%	265	280
Energy infrastructure development loan, due in periodic instalments to the year 2005, bearing interest at 6.4%	205	205
Energy conservation loans due in varying annual amounts with varying rates of interest	179	182
Loan to Yukon Government Fund Limited, with no repayment terms, bearing interest at 0.0%	116	116
Loan to Yukon Housing Corporation, due in equal annual instalments to the year 2028, bearing interest at 0.0%	-	3,505
Less valuation allowances	(1,848)	(1,834)
	$ 21,431	$ 23,694

9. Land held for sale

	2004	2003
	(thousands of dollars)	
Raw land	$ 45	$ 45
Land under development	8,042	9,517
Finished land	11,835	12,552
	$ 19,922	$ 22,114

Land held for sale is affected by the Yukon First Nations land claims negotiations. At March 31, 2004, $4.1 million (2003 - $4.4 million) of finished land is included in the scope of existing land claims. Recovery of costs of the land selected in land claims settlements is to be provided for by Canada as per provisions of the Bilateral Agreement of June 24, 1993.

10. Tangible Capital Assets

Tangible capital assets are buildings, roads, equipment, etc. whose life extends beyond the fiscal year and are intended to be used on an ongoing basis for delivering services.

The Government is in the process of accumulating information on all of its tangible capital assets. As each asset category is completed, cost and amortization information will be presented in the statement of tangible capital assets. For example, infrastructure costs for roads and bridges are currently being determined. The Government expects to report on the entire tangible capital assets owned by the Government as of the fiscal year 2004/2005.

In the statement of tangible capital assets, tangible capital assets are reported at cost. Tangible capital assets transferred from Canada are reported at their fair value at the date of transfer or, if it is not available, at the appraised value at various appraisal dates. In 2003/2004, the Government re-examined the historical cost information of major buildings and removed costs that were determined not to be capital, as well as changing the amortization calculation on some older buildings. A leased building that was included in the 2002/2003 information was also removed from the opening balance and included in the 2003/04 acquisitions in order to match the change in accounting policy for leased capital assets, which was applied prospectively. Effects of these corrections on the current year's statement of tangible capital assets were a reduction of the opening cost by $15 million, a reduction of the opening accumulated amortization by $3 million and a reduction of the opening net book value by $12 million.

Tangible capital assets that are held and available for use by the Government are reported based on the following capitalization thresholds and estimated useful lives.

Asset category	Threshold	Estimated useful life
Land	Nil	N/A
Land improvements and fixtures	$50,000	up to 50 years
Buildings	$50,000	40 - 50 years
Portable classrooms/housing trailers	$50,000	20 years
Heavy equipment	$10,000	7 - 30 years
Operating equipment	$10,000	7 - 25 years
Vehicles	$10,000	6 - 15 years
Computer hardware	$10,000	5 years
Computer software	$100,000	7 years
Leasehold improvements	$50,000	Lease term

Tangible capital assets under construction or development are reported as work-in-progress with no amortization until the asset is placed in service. The Government owns and/or maintains various historical sites. The Government also holds works of art with a total insured value of $2.1 million (2003 - $1.9 million). Works of art and historical treasures are not included in the statement of tangible capital assets.

Leased capital assets are reported as part of the respective asset category in the statement of tangible capital assets. These leased assets are amortized on a straight-line basis over the lease term or estimated economic life. The amortization expense for the year was $960,000. The cost and accumulated amortization of leased capital assets that are included in the statement of tangible capital assets are as follows:

	2004
	(thousands of dollars)
Buildings (cost)	$ 12,071
Less accumulated amortization	(960)
	$ 11,111

11. Accounts payable and accrued liabilities

	2004	2003
	(thousands of dollars)	
Accounts payable	$ 17,929	$ 13,037
Accrued liabilities	14,347	21,763
Due to Territorial corporations	2,914	3,055
Contractors' holdbacks and security deposits	1,499	1,613
	$ 36,689	$ 39,468

12. Post-employment benefits

	2004	2003
	(thousands of dollars)	
Severance benefits	$ 22,079	$ 22,524
Sick leave obligation	11,986	10,504
Vacation leave obligation	9,250	7,402
Other	544	478
	$ 43,859	$ 40,908

Severance benefits are paid on termination of service or upon retirement.

If an employee has at least five years of continuous service, a cash-in of sick leave will be paid on termination of service or upon retirement. The cash-in amount is calculated as 1/3 of unused sick leave credits to a maximum of 60 days x daily pay rate at termination or retirement.

Other benefit obligations include unused compensatory and personal leave and travel bonus benefits.

The actuarial obligation for sick and vacation leave and severance benefits is calculated using the projected benefit method pro-rated on service. The obligation for compensatory and personal leave and travel bonus benefits is calculated assuming all employees would cash in those benefits on the valuation date. In projecting the accrued obligation for these benefits as at March 31, 2004, the actuary assumed a discount rate of 6.0% and general inflation of 2.5%. The actuary further assumed that general salary increases would be in line with inflation at 2.5% per annum.

Expenses related to post-employment benefits for the year ended March 31, 2004 were $6,636,000 (2003 - $11,335,000). The 2003 expenses of $11,335,000 included the expenses in the amount of $7,195,000 that were applicable to the fiscal year 2001/2002. Benefits paid by the Government from the post-employment benefits liability during the year amounted to $3,685,000 (2003 - $2,948,000).

13. Long-term debt

	2004	2003
	(thousands of dollars)	
Loans from Canada, repayable in annual instalments with maturities up to the year 2008, bearing fixed interest rates ranging from 6.1% to 11.1%	$ 3,726	$ 3,742
Loan from Yukon Housing Corporation, repayable in monthly blended payments until the year 2028, bearing interest at an annual rate of 7.0%	-	4,384
Other debentures, repayable in semi-annual instalments with maturities up to the year 2004, bearing a fixed interest rate of 13.0%	-	35
	$ 3,726	$ 8,161

Principal repayment and interest requirements over the future years on outstanding loans are as follows:

	Principal	Interest	Total
		(thousands of dollars)	
2005	$ -	$ 360	$ 360
2006	-	360	360
2007	572	360	932
2008	3,154	182	3,336
	$ 3,726	$ 1,262	$ 4,988

14. Capital lease obligations

Effective 2003/2004, the Government accounts for capital leases in accordance with the PSAB guideline where lease obligations are established with offsetting non-financial assets. This change in accounting policy was applied prospectively.

	2004 (thousands of dollars)
Building lease obligation payable monthly until the year 2012, with imputed interest rate of 11.0%. The building is to be transferred to the Government for $1.00 at the end of the lease term.	$ 3,936
Building lease obligation payable monthly until the year 2013, with imputed interest rate of 13.5%.	3,303
Building lease obligation payable monthly until the year 2012, with imputed interest rate of 6.0%	3,069
Building lease obligation payable monthly until the year 2010, with imputed interest rate of 13.3%.	999
	$ 11,307

Interest expense related to capital lease obligations for the year was $1,169,000 at an imputed average interest rate of 10.9%. The following is a schedule of future minimum lease payments under the capital lease obligations.

	(thousands of dollars)
2005	$ 2,817
2006	2,823
2007	2,841
2008	2,841
2009	2,841
Beyond 2009	9,132
Total minimum lease payments	23,295
Less: amount representing executory costs	(4,902)
amount representing rental of land	(1,587)
amount representing interest	(5,499)
	$ 11,307

15. Dedicated funds and restricted funds

The Government maintains the following dedicated and restricted purpose funds.

	2004	2003
	(thousands of dollars)	
Dedicated funds:		
Canada winter games infrastructure fund	$ -	$ 2,000
Restricted funds:		
Road and Airport Equipment Reserve Fund	$ 2,904	$ 2,639
Vehicle Fleet Revolving Fund	1,928	1,377
Recycling Fund	316	286
Property Management Revolving Fund	249	249
Health Investment Fund	219	341
Queen's Printer Revolving Fund	155	110
Conservation Fund	1	-
	$ 5,772	$ 5,002

16. Grant from Canada

	2004	2003
	(thousands of dollars)	
Formula Financing grant entitlement	$ 427,714	$ 366,278
Adjustments in respect of:		
Census	(15,187)	15,187
Formula financing escalators	10,785	(1,524)
Tax effort adjustment	1,173	(2,949)
Own source revenues and recoveries	1,720	5,326
Formula Financing grant	426,205	382,318
Less oil and gas revenue offset	(70)	(497)
Grant from Canada per Schedule of Revenues (Schedule A)	$ 426,135	$ 381,821

The Government receives a grant from Canada according to an agreed formula. The current Formula Financing Agreement with Canada was in effect for the period April 1, 1999 to March 31, 2004. At the First Ministers' meeting in September 2004, the Government agreed to amend the Formula Financing Agreement to address several issues in regards to the escalators, predicated on a commitment that the grant in future years would be adjusted by the rate of growth in equalization payments. In recognition of this, the amount previously booked for the census adjustment of $15.2 million at March 31, 2003 is reversed.

The grant entitlement increase in 2004 was partly due to the transfer of programs from Canada effective April 1, 2003 (Note 24).

Subsequent event

The Formula Financing grant calculation was finalized using July 1 population statistics released by Statistics Canada on September 29, 2004. This resulted in increased Formula Financing grant revenue and receivable from Canada of $3.8 million.

17. Expenditures by object

	2004	2003
	(thousands of dollars)	
Operations and maintenance		
Personnel	$ 232,129	$ 212,910
Transfer payments	111,742	95,958
Contract and special services	62,626	74,620
Materials, supplies and utilities	51,220	40,434
Communication and transportation	32,549	17,383
Other	14,311	8,040
	$ 504,577	$ 449,345
Capital		
Building and infrastructure	$ 46,381	$ 62,448
Transfer payments	29,364	18,758
Equipment	9,491	6,484
Other	7,944	7,376
	$ 93,180	$ 95,066

18. Pension and retirement benefit liabilities

(a) Public Service Superannuation Plan

The Government's employees participate in the Public Service Superannuation Plan administered by the Government of Canada. In this plan, employees accumulate pension benefits at 2% per year of pensionable service based on their five consecutive years of highest paid services. The Government contributes at a basic rate of 2.14 times the employee's contribution. The Government's contributions to the Public Service Superannuation Plan during the year and recorded as expenditures were $19,646,000 (2003 - $17,454,000).

(b) Legislative Assembly Retirement Allowances Plan

The Legislative Assembly Retirement Allowances Plan is a contributory defined benefit pension plan. In addition to retirement allowances, the plan also contains a provision for payment of lump sum death and severance allowances. These benefits are based on service and/or earnings. The Government administers the Legislative Assembly Retirement Allowances Fund, and reports the Fund as a trust asset external to the Government of Yukon reporting entity (Note 19). It is the Government's policy to fully fund this pension plan.

The *Legislative Assembly Retirement Allowances Act* (Yukon) stipulates that actuarial valuations of the obligation for these benefits must be performed at least triennially. An actuarial valuation is based on a number of assumptions about future events, such as inflation rates, interest rates, salary increases and member turnover and mortality. These assumptions reflect the best estimates of expected long-term rates and short-term forecasts accepted by the Members' Services Board of the Legislative Assembly. The last completed actuarial valuation was as at March 31, 2002. The accrued benefit obligation shown for 2004 is based on an extrapolation of that 2002 valuation (Schedule D).

(c) Territorial Court Judiciary Pension Plan

The Territorial Court Judiciary Pension Plan is a non-contributory defined benefit pension plan. In this plan, benefits are accrued at an annual rate of 3% based on the judges' highest twenty-four months of pensionable earnings. Benefit costs under this plan are offset by benefits paid under the Public Service Superannuation Plan and the Retirement Compensation Arrangement which are contributory plans. The *Territorial Court Judiciary Pension Plan Act* (Yukon) stipulates that no fund is to be maintained for this plan.

The actuarial report for this plan was prepared at March 31, 2002. The accrued benefit obligation shown for 2004 is based on an extrapolation of that 2002 valuation (Schedule D).

	2004	2003
	(thousands of dollars)	
Pension and retirement benefit liabilities		
Legislative Assembly Retirement Allowance Plan	$ 118	$ 136
Territorial Court Judiciary Pension Plan	2,335	2,091
	$ 2,453	$ 2,227

19. Trust assets

The Government administers trust accounts on behalf of third parties which are not included in the Government's assets. Trust assets are invested primarily in short-term and long-term bonds. Investments are valued at the lower of cost and market. Any other assets held under administration such as property, securities and valuables are reflected in trust accounts only upon conversion to cash.

	2004	2003
	(thousands of dollars)	
Legislative Assembly Retirement Allowances (Note 18(b))	$ 18,571	$ 17,060
Lottery Commission	2,769	2,743
Land Title Office – Assurance Fund	2,332	2,135
Crime Prevention and Victim Services	2,250	2,080
Historic Resources Trust Fund	1,144	1,069
Forest Sector Fund	1,035	-
Public Administrator	831	783
Other	1,848	1,783
	$ 30,780	$ 27,653

20. Main Estimates

The Main Estimates comparative figures are from the Main Estimates approved in the Legislative Assembly in 2003. These figures do not reflect changes arising from the Supplementary Estimates approved later in the year by the Legislative Assembly.

21. Commitments

The Government has entered into agreements for, or is contractually committed to, the following expenditures payable subsequent to March 31, 2004:

	Expiry Date	2005	2006 – 2013	Total
		(thousands of dollars)		
Capital projects				
- in progress at March 31, 2004	2006	$ 26,269	$ 1,700	$ 27,969
(recoverable amount)		(19,714)	(1,700)	(21,414)
RCMP policing agreement	2012	11,282	89,041	100,323
Connect Yukon	2005	10,227	-	10,227
Building/office space leases	2013	7,795	25,105	32,900
Miscellaneous operational commitments	2006	6,242	3,779	10,021
		$ 42,101	$ 117,925	$ 160,026

Connect Yukon

In October 1999, the Government, NorthwesTel Inc. and another partner formed a government partnership, 19596 Yukon Inc., in order to carry out the "Connect Yukon" telecommunication infrastructure development project. The objective of this project is to provide high speed internet services in the Yukon. The Government's obligations are to pay $1.2 million annually for five years to NorthwesTel Inc. for its data services as well as providing to NorthwesTel Inc. $1.7 million contributions annually for five years with a balloon payment of $7,237,000 at the end of the five years. NorthwesTel Inc. entered into a five-year agreement with 19596 Yukon Inc. to lease its telecommunication equipment with an option to purchase at the end of the five year period. The termination date of these agreements is March 31, 2005.

22. Overexpenditure

During the year, two (2003 - two) departments exceeded their votes with an aggregate total of $819,000 (2003 - $7,949,000). Overexpenditure of a vote contravenes subsection 17(2) of the *Financial Administration Act* (Yukon) which specifies that "a vote does not authorize any payment to be made in excess of the amount specified in the vote".

The votes that were overexpended are as follows:

	(thousands of dollars)	
Operations and maintenance		
Health and Social Services	$	416
Public Service Commission		403

The *Appropriation Acts* (Yukon) states that the Government is not to expend grant payments in excess of the amounts specified in the Acts. During the year, four (2003 – three) departments exceeded the authorized amounts for the following grants:

Operations and maintenance grants		
Community Services		
- In lieu of property taxes	$	11
- Home owner grants		65
Education		
- Post secondary student grants		183
Environment		
- Canada Cooperative Wildlife Health Centre		1
Health and Social Services		
- Child care subsidies		105
- Federal child benefit – Whitehorse		58
- Pioneer utility grant		6
- Federal child benefit – region		26

23. Guarantees

The Government has guaranteed repayment of loans payable by the Yukon Housing Corporation of $23.8 million (2003 - $24.7 million), debts of the Yukon Development Corporation of $42.4 million (2003 - $43.5 million) and business loans totalling $0.5 million (2003 - $1.0 million). The Government is also liable for the debt of the Yukon Government Fund Limited in the amount of $15.0 million. In addition, the Government has guaranteed an operating demand overdraft facility to the Yukon Housing Corporation of up to $11.0 million and to the Yukon Energy Corporation of up to $10.0 million. It is expected that no significant costs will be incurred by the Government with respect to these guarantees.

24. Transfer of programs from Canada

Effective April 1, 2003, pursuant to the Yukon Northern Affairs Program Devolution Transfer Agreement which was signed on October 29, 2001, the resources and responsibilities associated with the Northern Affairs Program of the Department of Indian Affairs and Northern Development were transferred from Canada to the Government. The programs and responsibilities that were transferred include land, water, forestry and mineral resources. With this transfer of programs, Canada is to provide on-going funding estimated at $36.4 million to the Government as well as one-time and transitional funding of, at a minimum, $23.2 million over the five years beginning with the fiscal year 2003/2004. The funding received in 2003/2004 for these purposes through Formula Financing grant were $36.4 million for on-going and $7.2 million as one-time.

25. Land claims

The Government, with Canada and the various Yukon First Nations, is engaged in the negotiation of aboriginal land claims (final) and self-government agreements. On February 14, 1995, Federal and Yukon legislation came into force giving effect to four Yukon First Nation Final Agreements, which incorporated the provisions of the Umbrella Final Agreement (UFA) and specific provisions for each First Nation, and four Self-Government Agreements. The UFA is a framework document signed by the Council for Yukon Indians, Canada, and the Government. Two more Yukon First Nation Final and Self-Government Agreements came into effect on October 1, 1997, another on September 15, 1998, another on April 1, 2002, and the most recent on February 2, 2004. Negotiations are proceeding with the remaining five First Nations on an individual basis. As well, the Government, with Canada, has engaged in land claims negotiations with one transboundary First Nation and anticipates further transboundary negotiations. Any settlement of these claims will not result in a liability to the Government as they are to be funded by Canada.

The Government signed a bilateral funding agreement with Canada on June 24, 1993 that provides for funding towards the Government's additional implementation costs. Costs funded by this agreement include boards and councils established under the Yukon First Nation Final Agreements and implementation projects and activities. In 2003/2004 the bilateral funding agreement was amended to include the federal Northern Affairs Program implementation funding and the council and commission funding that came to Yukon as part of the Northern Affairs Program Devolution Transfer Agreement.

The Government expended $4.6 million during the year (2003 - $3.6 million) with cumulative expenditures of approximately $28.0 million (2003 - $23.3 million), of which $27.0 million (2003 - $22.5 million) was funded by Canada.

26. Contingencies

In the normal course of operations, the Government is subject to legal claims. At March 31, 2004 the Government estimated the total claimed amount to be about $2.7 million (2003 - $2.7 million). No liability has been admitted and no provision for claims is included in these financial statements.

27. Environmental liabilities

The Government recognizes that there could be a liability for restoration of the environment on the land that is administered and controlled by the Government (Commissioner's Land). The Government does not actively search for contaminated sites, and is only aware of those that are brought to its attention. Consequently, there may be other as yet unidentified sites.

The Government has been informed of 37 sites on Commissioner's Land where environmental liabilities may exist. Of these, 12 sites are airports and are subject to the airport transfer agreements between the Government and Transport Canada; at two airports Transport Canada is responsible for the assessment and remediation of contamination, while at the remaining 10 airports/aerodromes the Government is responsible for assessing and identifying areas of potential contamination, but Transport Canada is responsible for the costs of remediation.

21 sites are highway maintenance camps; one of these sites has had a site investigation completed which determined that additional assessment is not necessary at this time, and 20 sites are either being assessed or awaiting assessment dependent on funding availability. Quantifiable portions of remediation costs for some of these sites are currently estimated at $300,000. Of the remaining four sites, one has been formally designated as contaminated under the *Environment Act* (Yukon) and the *Contaminated Sites Regulation*. The Government is not a Responsible Party for this site but may incur some future environmental liability as the landowner.

Pursuant to the Yukon Northern Affairs Program Devolution Transfer Agreement which was made on October 29, 2001, effective April 1, 2003 the Government assumed administration and regulatory responsibility for nearly 900 waste sites. Canada, however, is to continue assuming the financial responsibility for a majority of those sites that were contaminated while under Canada's control. The Government will assume some potential liability for six sites for which Canada is released from further financial liability, and seven sites where the Government will remediate the sites and then seek reimbursement from Canada under the terms of the Agreement. As at March 31, 2004 the potential liability, if any, for these 13 sites has not been assessed.

28. Related parties

Related party transactions not disclosed elsewhere in the financial statements are as follows:

	2004	2003
	(thousands of dollars)	
Revenues/Recoveries from:		
Compensation Fund (Yukon)	$ 942	$ 911
Yukon Liquor Corporation	629	786
Yukon Lotteries Commission	549	608
Yukon College	235	209
Yukon Housing Corporation	159	198
Yukon Development Corporation	135	211
Yukon Hospital Corporation	10	21
Yukon Arts Centre Corporation	5	1
	$ 2,664	$ 2,945
Expenditures to:		
Yukon Hospital Corporation	$ 24,238	$ 21,851
Yukon College	14,834	14,047
Yukon Development Corporation	7,432	10,208
Compensation Fund (Yukon)	3,504	3,288
Yukon Housing Corporation	2,476	2,235
Yukon Legal Services Society	1,384	1,256
Yukon Arts Centre Corporation	862	662
Yukon Human Rights Commission	371	374
	$ 55,101	$ 53,921

29. Comparative figures

Certain comparative figures for 2003 have been reclassified to conform with the 2004 presentation.

GOVERNMENT OF YUKON

Schedule A

Schedule of Revenues
for the year ended March 31, 2004

(thousands of dollars)

	2004		2003
	Main Estimates (Note 20)	Actual	Actual (Restated - Note 3)
Grant from Canada (Note 16)	$ 359,796	$ 426,135	$ 381,821
Taxes and general revenues			
Income taxes	36,641	40,888	37,059
Other taxes	19,251	18,864	18,643
Licences, permits and fees	6,490	7,635	6,828
Yukon Liquor Corporation - net income	4,861	5,716	4,391
Oil and gas resource revenue	4,013	3,116	3,828
Interest - bank and other	250	1,099	635
Gain on sale of lots	-	876	289
Aviation operations	753	804	728
Slot machine revenue	-	766	-
Fines	283	473	436
Land and mineral leases and royalties	75	317	71
Other revenues	56	53	176
	72,673	80,607	73,084
Health and social transfers from Canada			
Canada Health and Social Transfer	21,730	22,676	19,889
Northern Health Accord	-	6,667	-
Health Reform Transfer	-	979	-
	21,730	30,322	19,889
	$ 454,199	$ 537,064	$ 474,794

GOVERNMENT OF YUKON

Schedule B

Schedule of Recoveries
for the year ended March 31, 2004

	2004		2003
	Main Estimates (Note 20)	Actual	Actual
		(thousands of dollars)	
Operations and maintenance			
Health and Social Services	$ 16,595	$ 18,863	$ 14,232
Energy, Mines and Resources	366	4,924	453
Highways and Public Works	3,752	4,297	3,874
Community Services	1,033	4,213	1,118
Executive Council Office	5,790	4,156	4,442
Education	2,524	2,602	2,505
Justice	1,506	1,713	1,471
Environment	987	998	1,004
Tourism and Culture	420	402	414
Economic Development	-	125	192
Public Service Commission	45	22	17
Finance	16	6	6
Office of the Ombudsman	-	-	17
Interest	657	660	767
	$ 33,691	**$ 42,981**	**$ 30,512**
Capital			
Highways and Public Works	$ 22,231	$ 19,965	$ 29,371
Community Services	6,460	6,709	4,869
Energy, Mines and Resources	110	745	1,004
Health and Social Services	-	453	697
Executive Council Office	446	435	-
Tourism and Culture	-	335	69
Education	40	51	112
Justice	-	25	111
Economic Development	-	-	208
Finance	250	-	-
	$ 29,537	28,718	36,441
Less: Community Services			
land recoveries transferred to land held for sale		5,640	3,184
local improvement recoveries transferred to loans receivable		292	240
Energy, Mines and Resources			
land recoveries transferred to land held for sale		16	-
		$ 22,770	**$ 33,017**

GOVERNMENT OF YUKON

Schedule C

Schedule of Expenditures
for the year ended March 31, 2004

	2004	Actual 2004				2003
	Main Estimates (Note 20)	Personnel	Transfer Payments	Other	Total Expenditures (Note 17)	Actual
		(thousands of dollars)				
Operations and maintenance						
Health and Social Services	$ 141,990	$ 50,719	$ 51,392	$ 52,003	$ 154,114	$ 143,255
Education	91,791	61,751	19,502	13,268	94,521	92,101
Highways and Public Works	65,672	25,995	252	45,717	71,964	65,976
Community Services	31,490	13,244	23,008	9,416	45,668	30,897
Justice	34,089	15,208	3,435	16,057	34,700	33,935
Energy, Mines and Resources	6,555	15,283	4,530	7,310	27,123	6,999
Environment	15,249	11,909	690	4,925	17,524	15,414
Public Service Commission	12,361	14,959	-	2,398	17,357	20,948
Executive Council Office	15,148	8,903	4,056	2,863	15,822	14,627
Tourism and Culture	14,368	5,234	3,143	4,735	13,112	13,273
Finance	5,003	3,654	665	681	5,000	4,774
Yukon Legislative Assembly	3,832	3,032	-	725	3,757	6,090
Economic Development	-	1,474	348	807	2,629	1,970
Yukon Housing Corporation (Transfer Payment)	2,236	-	634	-	634	(201)
Women's Directorate	539	350	87	93	530	474
Office of the Ombudsman	390	327	-	72	399	378
Elections Office	137	87	-	37	124	620
Interest on Loans	364	-	-	364	364	358
	$ 441,214	232,129	111,742	161,471	505,342	451,888
Less: Highways and Public Works capital lease payments transferred to capital lease obligations		-	-	765	765	-
Health and Social Services loan payments transferred to long-term debt		-	-	-	-	61
Legislative Assembly adjustment due to change in accounting policy		-	-	-	-	2,482
		$ 232,129	$ 111,742	$ 160,706	$ 304,577	$ 449,345

GOVERNMENT OF YUKON

Schedule C
Continued

Schedule of Expenditures
for the year ended March 31, 2004

	2004	Actual 2004				2003
	Main Estimates (Note 20)	Personnel	Transfer Payments	Other	Total Expenditures (Note 17)	Actual
			(thousands of dollars)			
Capital						
Highways and Public Works	$ 44,717	$ 4,802	$ 1,883	$ 38,110	$ 44,795	$ 51,039
Community Services	16,635	646	14,690	8,212	23,548	14,893
Education	10,467	500	2,303	7,312	10,115	9,672
Economic Development	-	286	3,761	1,376	5,423	2,381
Energy, Mines and Resources	3,330	1,181	1,436	2,155	4,772	4,684
Tourism and Culture	3,475	779	1,657	1,186	3,622	2,911
Executive Council Office	1,451	-	1,721	683	2,404	670
Health and Social Services	1,272	-	410	1,687	2,097	4,606
Environment	1,449	180	36	1,661	1,877	1,037
Yukon Housing Corporation (Transfer Payment)	1,789	-	1,467	-	1,467	1,790
Finance	266	-	-	523	523	102
Justice	318	-	-	355	355	1,626
Public Service Commission	56	-	-	56	56	59
Yukon Legislative Assembly	40	-	-	40	40	19
Women's Directorate	-	-	-	10	10	-
Office of the Ombudsman	5	-	-	4	4	5
Elections Office	3	-	-	3	3	12
Yukon Development Corporation (Transfer Payment)	-	-	-	-	-	3,000
	$ 85,273	8,374	29,364	63,373	101,111	98,506
Less: Community Services						
land development costs transferred to land held for sale		417	-	3,469	3,886	2,887
local improvement costs transferred to loans receivable		-	-	785	785	511
Energy, Mines and Resources						
land development costs transferred to land held for sale		-	-	9	9	42
Highways and Public Works						
leased capital asset cost transferred to non-financial assets		-	-	3,251	3,251	-
		$ 7,957	$ 29,364	$ 55,859	$ 93,180	$ 95,066

GOVERNMENT OF YUKON

Schedule D

Schedule of Pension and Retirement Plans
for the year ended March 31, 2004

	2004			2003
	Legislative Assembly Retirement Allowance Plan	Territorial Court Judiciary Pension Plan	Total (Note 18)	Total
	(thousands of dollars)			
Pension and retirement plan assets are valued at the lower of cost and market.				
Accrued benefit obligation				
Obligation at beginning of year	$ 17,050	$ 2,114	$ 19,164	$ 17,852
Current service costs	922	117	1,039	827
Interest cost on benefit obligation	1,033	151	1,184	1,093
Actuarial loss	-	152	152	-
Benefits paid	(582)	(30)	(612)	(608)
Accrued benefit obligation at end of year	$ 18,423	$ 2,504	$ 20,927	$ 19,164
Pension plan assets				
Value at beginning of year	$ 17,060	$ -	$ 17,060	$ 13,498
Actual return on plan assets	1,171	-	1,171	964
Government contributions	830	30	860	3,143
Member contributions	92	-	92	63
Benefits paid	(582)	(30)	(612)	(608)
Value at end of year	$ 18,571	$ -	$ 18,571	$ 17,060
Funded status - plan surplus (deficit)	$ 148	$ (2,504)	$ (2,356)	$ (2,104)
Unamortized net actuarial (gain) loss	(266)	169	(97)	(123)
Accrued benefit liability	$ (118)	$ (2,335)	$ (2,453)	$ (2,227)
Net pension expense				
Current service costs	$ 922	$ 117	$ 1,039	$ 756
Less: Member contributions	(92)	-	(92)	-
Interest cost on benefit obligation	1,033	151	1,184	1,093
Expected return on plan assets	(1,034)	-	(1,034)	(810)
Amortization of net actuarial (gain) loss	(17)	6	(11)	(2)
Value at end of year	$ 812	$ 274	$ 1,086	$ 1,037
Assumptions				
Expected long-term rate of return on assets	6.0%	N/A		
Discount rate on projected benefit obligation	6.0%	6.0%		
Inflation	3.0%	3.0%		
* Rate of compensation increase	** 3.0%	*** 3.0%		
Amortization period (expected average remaining service life)	8 years	4 years		

* Assumed to be same as inflation rate.

** Annual rates of increase in indemnities and expense allowances. No salary increases are assumed.

*** Increase to $178,000 on April 1, 2003, assumed rate thereafter.

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SECTION II

SUPPLEMENTARY FINANCIAL INFORMATION

(unaudited)

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GOVERNMENT OF YUKON

Schedule 1

Comparative Schedule of Revenues
for the year ended March 31, 2004

	2004	2003 (Restated - Note 3)	Increase (Decrease)
Taxation			
Income taxes	$ 40,888,222	$ 37,059,493	$ 3,828,729
Fuel tax	6,418,032	6,926,773	(508,741)
Tobacco tax	6,177,208	5,970,189	207,019
Liquor tax	2,544,401	2,418,697	125,704
General property tax	2,195,993	1,939,788	256,205
Insurance premium tax	1,339,952	1,185,082	154,870
Grants in lieu of property tax	188,145	203,254	(15,109)
	59,751,953	55,703,276	4,048,677
Licences, Permits and Fees			
Motor vehicle	2,931,421	3,295,363	(363,942)
Business and professional	1,939,037	1,845,127	93,910
Land, mines and forestry	1,049,991	21,545	1,028,446
Game, campground and wilderness tourism	909,797	925,105	(15,308)
Community services	254,870	222,619	32,251
Justice	207,662	183,752	23,910
Vacation guide advertising revenue	135,000	153,750	(18,750)
Yukon Beringia Interpretive Centre	73,375	69,902	3,473
Health and social services	46,750	47,510	(760)
Water licences	45,662	-	45,662
Highways and public works	22,509	21,489	1,020
Education	17,855	32,440	(14,585)
Other	616	8,891	(8,275)
	7,634,545	6,827,493	807,052
Interest			
Bank and investment	793,672	366,968	426,704
Local improvement	95,439	97,856	(2,417)
Delinquent accounts	86,765	60,180	26,585
Business loans	81,350	100,964	(19,614)
Land sale agreements	42,303	9,458	32,845
	1,099,529	635,426	464,103

GOVERNMENT OF YUKON

Schedule 1

Comparative Schedule of Revenues
for the year ended March 31, 2004

	2004	2003 (Restated - Note 3)	Increase (Decrease)
Fines			
Territorial Court	$ 467,449	$ 431,047	$ 36,402
Library fines	5,474	4,611	863
	472,923	435,658	37,265
General			
Yukon Liquor Corporation - net income	5,715,925	4,391,203	1,324,722
Oil and gas resource revenue	3,116,009	3,827,997	(711,988)
Gain on sale of lots	875,656	289,249	586,407
Aviation operations	803,608	727,856	75,752
Slot machine revenue	766,445	-	766,445
Land and mineral leases and royalties	317,066	71,137	245,929
	11,594,709	9,307,442	2,287,267
Other			
Sundry	39,976	100,445	(60,469)
Sale of photographs, maps and publications	23,358	9,164	14,194
Photocopier	12,782	9,002	3,780
Yukon Wildlife Preserve	1,927	-	1,927
Currency exchange	(24,548)	(9,279)	(15,269)
Management fee	-	66,000	(66,000)
	53,495	175,332	(121,837)
	$ 80,607,154	**$ 73,084,627**	**$ 7,522,527**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual Revenues	Under (Over) Estimates
Executive Council Office					
Water licence fees	$ -	$ 40,000	$ 40,000	$ 45,662	$ (5,662)
Community Services					
Fuel storage tank permits	4,000	-	4,000	4,308	(308)
Interest on local improvement	145,000	-	145,000	95,439	49,561
General property tax	2,190,000	100,000	2,290,000	2,195,993	94,007
Grant in lieu of property tax	200,000	-	200,000	188,145	11,855
Taxation interest/penalties	-	-	-	71,087	(71,087)
Property subdivision application fee	7,000	-	7,000	8,191	(1,191)
Private vehicle licences	1,021,000	-	1,021,000	992,782	28,218
Commercial vehicle licences	1,614,000	-	1,614,000	1,568,511	45,489
Miscellaneous motor vehicle revenue	305,000	-	305,000	293,043	11,957
Library fines	8,000	-	8,000	5,474	2,526
Rental of equipment	2,000	-	2,000	1,442	558
Photocopier fees	3,000	-	3,000	8,255	(5,255)
Professional/consumer licensing	411,000	-	411,000	512,604	(101,604)
Business/corporate licensing	1,376,000	-	1,376,000	1,724,878	(348,878)
Public safety	245,000	-	245,000	242,371	2,629
Prior year's revenue	-	468,000	468,000	468,000	-
Profit from sale of land	-	-	-	198,977	(198,977)
Lands					
- land leases	-	-	-	19,476	(19,476)
- administration/interest	-	-	-	8,206	(8,206)
Labour services	-	-	-	1,391	(1,391)
	7,531,000	568,000	8,099,000	8,608,573	(509,573)

Schedule of Revenues by Department
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual Revenues	Under (Over) Estimates
Education					
Extension programs fees	$ 5,000	$ -	$ 5,000	$ (43)	$ 5,043
Summer school fees	10,000	-	10,000	9,500	500
Computer camp fees	10,000	-	10,000	7,200	2,800
Apprenticeship certification	1,000	-	1,000	1,198	(198)
	26,000	-	**26,000**	**17,855**	**8,145**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual Revenues	Under (Over) Estimates
Energy, Mines and Resources					
Agricultural land application and grazing lease fees	$ 3,000	$ -	$ 3,000	$ 5,177	$ (2,177)
Lands					
- land sale fees	35,000	(4,000)	31,000	27,569	3,431
- land leases	75,000	125,000	200,000	285,673	(85,673)
- administration/interest	15,000	-	15,000	34,097	(19,097)
- land use fees	-	23,000	23,000	8,305	14,695
- quarrying royalties and leases	-	35,000	35,000	9,572	25,428
- sale of undeveloped land	-	100,000	100,000	669,181	(569,181)
- unearned equity	-	75,000	75,000	7,498	67,502
- royalties collected on lease agreements	-	20,000	20,000	-	20,000
- other royalties	-	10,000	10,000	-	10,000
Oil and gas resource revenue					
- royalties	4,000,000	(600,000)	3,400,000	3,101,366	298,634
- rentals	13,000	-	13,000	14,643	(1,643)
Sale of maps	5,000	2,000	7,000	11,267	(4,267)
Forestry					
- application fees	-	10,000	10,000	2,456	7,544
- stumpage dues	-	24,000	24,000	12,119	11,881
- reforestation fees	-	35,000	35,000	-	35,000
Mineral resource revenue					
- coal leases, permits and royalties	-	93,000	93,000	86,204	6,796
- placer mining fees	-	255,000	255,000	239,171	15,829
- quartz mining fees	-	746,000	746,000	668,234	77,766
- maps, publications and charts	-	5,000	5,000	4,956	44
- mining fees - miscellaneous	-	10,000	10,000	256	9,744
- dredging rental	-	3,000	3,000	2,345	655
	4,146,000	**967,000**	**5,113,000**	**5,190,089**	**(77,089)**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual Revenues	Under (Over) Estimates
Environment					
Campground permits	$ 286,000	$ -	$ 286,000	$ 316,320	$ (30,320)
Wilderness tourism licensing	8,000	-	8,000	8,500	(500)
Hunting licences and seals	342,000	-	342,000	320,717	21,283
Trapping and fur licences	6,000	-	6,000	5,701	299
Fishing licences	240,000	-	240,000	247,306	(7,306)
Outfitting fees	10,000	-	10,000	10,268	(268)
Yukon Wildlife Preserve	-	-	-	1,927	(1,927)
Mapping revenue	-	-	-	835	(835)
Land treatment facility permits	-	-	-	500	(500)
Miscellaneous licences and fees	-	-	-	985	(985)
	892,000	-	**892,000**	**913,059**	**(21,059)**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual Revenues	Under (Over) Estimates
Finance					
Operating grant	$ 359,796,000	$ 76,640,000	$ 436,436,000	$ 426,135,334	$ 10,300,666
Canada health and social transfer	21,730,000	2,410,000	24,140,000	22,676,112	1,463,888
Personal income tax	31,694,000	3,275,000	34,969,000	34,480,211	488,789
Corporate income tax	4,947,000	1,153,000	6,100,000	6,408,011	(308,011)
Fuel oil tax - diesel	2,663,000	-	2,663,000	2,510,459	152,541
Fuel oil tax - other	4,047,000	-	4,047,000	3,907,573	139,427
Insurance premium tax	1,141,000	167,000	1,308,000	1,339,952	(31,952)
Tobacco tax	6,730,000	(405,000)	6,325,000	6,177,208	147,792
Interest on accounts receivable	10,000	-	10,000	15,678	(5,678)
Exchange	4,000	-	4,000	(24,548)	28,548
Business loan interest	80,000	-	80,000	81,350	(1,350)
Loan guarantee fees	2,000	-	2,000	616	1,384
Health reform transfer	-	979,000	979,000	979,000	-
Northern health accord	-	6,667,000	6,667,000	6,666,666	334
Banking and investment	-	700,000	700,000	793,672	(93,672)
Miscellaneous revenue	30,000	-	30,000	37,143	(7,143)
	432,874,000	**91,586,000**	**524,460,000**	**512,184,437**	**12,275,563**
Health and Social Services					
Registration and fees	34,000	-	34,000	35,675	(1,675)
Environmental health - inspection/permits	8,000	-	8,000	11,075	(3,075)
	42,000	-	**42,000**	**46,750**	**(4,750)**

Schedule 2

GOVERNMENT OF YUKON

Schedule of Revenues by Department
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual Revenues	Under (Over) Estimates
Highways and Public Works					
Access to Information and Protection of Privacy	$ 1,000	$ -	$ 1,000	$ 3,964	$ (2,964)
Highway information sign/permits	10,000	-	10,000	7,975	2,025
Aviation operations	753,000	-	753,000	803,608	(50,608)
Motor Transport Board fees	7,000	-	7,000	4,943	2,057
Weigh station fees	95,000	(15,000)	80,000	72,142	7,858
Adult French class fees	10,000	-	10,000	10,570	(570)
	876,000	**(15,000)**	**861,000**	**903,202**	**(42,202)**
Justice					
Fines - Territorial Court	275,000	125,000	400,000	467,449	(67,449)
Sheriff's Office	20,000	-	20,000	20,726	(726)
Public Administrator fees	2,000	-	2,000	4,174	(2,174)
Land titles fees	142,000	-	142,000	182,752	(40,752)
Consumer services fees	-	-	-	10	(10)
	439,000	**125,000**	**564,000**	**675,111**	**(111,111)**

GOVERNMENT OF YUKON

Schedule of Revenues by Department
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual Revenues	Under (Over) Estimates
Tourism and Culture					
Yukon Beringia Interpretive Centre	$ 80,000	$ (10,000)	$ 70,000	$ 73,375	$ (3,375)
Archives - photocopier fees	6,000	-	6,000	4,527	1,473
Archives - sale of photographs	6,000	-	6,000	6,300	(300)
Vacation guide advertising revenue	140,000	-	140,000	135,000	5,000
	232,000	**(10,000)**	**222,000**	**219,202**	**2,798**
Yukon Liquor Corporation					
Corporate net income	4,861,000	(148,000)	4,713,000	5,715,925	(1,002,925)
Liquor tax	2,280,000	-	2,280,000	2,544,401	(264,401)
	7,141,000	**(148,000)**	**6,993,000**	**8,260,326**	**(1,267,326)**
Totals	**$ 454,199,000**	**$ 93,113,000**	**$ 547,312,000**	**$ 537,064,266**	**$ 10,247,734**

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Recoveries
for the year ended March 31, 2004

	2004	2003	Increase (Decrease)
Office of the Ombudsman			
Operations and maintenance			
Third party recoveries (Sec. 11 *Ombudsman Act*)	$ -	$ 17,299	$ (17,299)
Executive Council Office			
Operations and maintenance			
Land claims implementation - Canada	2,635,520	1,819,249	816,271
Devolution - Canada	562,650	1,522,350	(959,700)
First Nations relations - Canadian Heritage	957,428	1,100,000	(142,572)
	4,155,598	4,441,599	(286,001)
Capital			
Land claims implementation - land development costs	432,176	-	432,176
First Nations relations - Canadian Heritage	2,950	-	2,950
	435,126	-	435,126
Community Services			
Operations and maintenance			
Emergency measures	142,975	139,536	3,439
Community recreation/active living	58,400	74,197	(15,797)
Sport	275,588	319,205	(43,617)
Community assessments	323,423	318,160	5,263
Water and sewer services	257,043	233,359	23,684
Mosquito control	29,754	27,882	1,872
Motor vehicles	4,544	6,181	(1,637)
Wildland fire exchange recoveries	3,121,240	-	3,121,240
	4,212,967	1,118,520	3,094,447

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Recoveries
for the year ended March 31, 2004

	2004	2003	Increase (Decrease)
Community Services			
Capital			
Emergency measures	$ 12,366	$ 88,258	$ (75,892)
Fire protection - communications radio and pager	14,080	-	14,080
Reserve fund for Dawson City projects	114,320	-	114,320
Land development cost recovery			
- industrial	118,183	266,666	(148,483)
- recreational	106,873	1,985	104,888
- residential	5,415,370	2,915,774	2,499,596
Rural electrification and telephone	291,905	234,845	57,060
Canada/Yukon infrastructure agreement	496,181	375,027	121,154
Decade of sport and culture	140,000	-	140,000
Public libraries	-	47,562	(47,562)
Road/streets upgrades	-	750,000	(750,000)
Computing equipment and systems	-	188,765	(188,765)
	6,709,278	4,868,882	1,840,396
Less: Land recoveries transferred to land held for sale	5,640,426	3,184,425	2,456,001
Local improvement recoveries transferred to loans receivable	291,905	239,873	52,032
	776,947	**1,444,584**	**(667,637)**
Economic Development			
Operations and maintenance			
Yukon innovation action plan - phase 2	56,700	-	56,700
Economic development plan for the Yukon	30,000	-	30,000
Forum on e-business	30,000	-	30,000
Innovation forum	8,000	-	8,000
Information technology survey	-	26,625	(26,625)
Small manufacturing - conceptual framework for Yukon	-	7,400	(7,400)
Northern housing construction strategy	-	56,987	(56,987)
Innovation and knowledge projects	-	100,630	(100,630)
	124,700	**191,642**	**(66,942)**
Capital			
Community access program	**-**	**208,000**	**(208,000)**

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Recoveries
for the year ended March 31, 2004

	2004	2003	Increase (Decrease)
Education			
Operations and maintenance			
Student accommodation	$ 105,640	$ 96,140	$ 9,500
Staff accommodation rental	5,401	6,151	(750)
Canadian Heritage - French language programs	1,104,085	1,004,085	100,000
Council of Ministers of Education of Canada agreement - monitors	163,864	162,532	1,332
Stikine students	197,900	243,500	(45,600)
Yukon Teachers' Association - substitute teachers	39,649	42,997	(3,348)
Canadian National Marsville	2,793	4,173	(1,380)
Charles R. Bronfman Foundation Heritage	4,200	5,450	(1,250)
Human Resources Development Canada			
- skills development	825,000	685,290	139,710
- National Literacy Secretariat	-	65,000	(65,000)
Student financial assistance			
- Canada student loan administration	41,864	42,136	(272)
- millennium scholarship fund	40,000	40,000	-
- Canada study grants	72,146	72,722	(576)
Student information and assessments	-	1,807	(1,807)
Grass roots	-	3,456	(3,456)
Industry Canada network of innovative schools	-	29,714	(29,714)
	2,602,542	**2,505,153**	**97,389**
Capital			
School-based equipment purchase	51,000	9,000	42,000
Community training fund	-	76,951	(76,951)
Student financial assistance system	-	10,298	(10,298)
Mayo Community School	-	16,000	(16,000)
	51,000	**112,249**	**(61,249)**

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Recoveries
for the year ended March 31, 2004

	2004	2003	Increase (Decrease)
Energy, Mines and Resources			
Operations and maintenance			
Agriculture food innovation program	$ 229,817	$ 260,934	$ (31,117)
Agriculture Canada - rent	2,702	2,500	202
Agriculture conference	1,380	1,535	(155)
Master gardener course	2,345	2,210	135
Yukon Placer Committee	13,496	38,146	(24,650)
Tough report funding - Department of Indian Affairs and Northern Development (DIAND)	336,163	-	336,163
Tough report funding - DIAND - Kaska Forest Resources Stewardship Council	300,000	-	300,000
Type II mine sites - DIAND	3,848,007	-	3,848,007
Geological Survey of Canada	179,171	-	179,171
Parks Canada - library services	10,470	-	10,470
Forestry workshop/task force	-	100,000	(100,000)
Agricultural tourism strategy development	-	28,143	(28,143)
Mineral policy consultation	-	20,000	(20,000)
	4,923,551	**453,468**	**4,470,083**
Capital			
Legal surveys	31,368	-	31,368
Agricultural land development	15,603	-	15,603
Forest inventory	599,018	-	599,018
Geological surveys - knowledge and innovation funding	98,840	49,500	49,340
Land central services - recoverable	-	38,469	(38,469)
Geological surveys	-	821,524	(821,524)
Resource assessments - oil and gas	-	95,000	(95,000)
	744,829	1,004,493	(259,664)
Less land recoveries transferred to land held for sale	15,603	-	15,603
	729,226	**1,004,493**	**(275,267)**

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Recoveries
for the year ended March 31, 2004

	2004	2003	Increase (Decrease)
Environment			
Operations and maintenance			
Inuvialuit Final Agreement	$ 821,604	$ 809,306	$ 12,298
Freshwater fisheries agreement	20,000	10,000	10,000
Province of British Columbia	1,500	1,500	-
Conservation Action Team	2,050	2,100	(50)
Special waste collection	24,108	88,152	(64,044)
Chisana caribou recovery project	28,000	-	28,000
NatureServe project	49,400	-	49,400
North slope conference	6,630	-	6,630
Ultra sound machine usage recovery	6,000	-	6,000
Fur bearer conference	7,246	-	7,246
Selkirk management plan	10,000	-	10,000
Faro water balance project	18,128	-	18,128
Government of NWT - Porcupine caribou herd studies	(3,000)	-	(3,000)
Vehicle emissions clinic	3,019	-	3,019
Hunting and angling synopses - advertising	3,456	-	3,456
Aasman Design Inc.	-	4,012	(4,012)
Lake trout symposium fees	-	36,845	(36,845)
Gordon Duncan Foundation	-	12,000	(12,000)
Northern Tutchone moose survey	-	10,000	(10,000)
Emissions clinic	-	3,819	(3,819)
Government of BC - Southern Lakes caribou recovery	-	15,000	(15,000)
Government of NWT - Nahanni caribou studies	-	6,980	(6,980)
Parks Canada - Yukon Thirty Mile River report	-	4,000	(4,000)
	998,141	**1,003,714**	**(5,573)**
Finance			
Operations and maintenance			
Workers' Compensation Health and Safety Board payroll	6,000	6,000	-
	6,000	**6,000**	**-**

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Recoveries
for the year ended March 31, 2004

	2004	2003	Increase (Decrease)
Health and Social Services			
Operations and maintenance			
Child welfare			
- Department of Indian Affairs and Northern Development (DIAND)	$ 7,814,668	$ 7,234,534	$ 580,134
- DIAND - prior year recovery	950,201	149,019	801,182
Federal child benefit	478,633	314,449	164,184
Family and children's services - client recovery	1,560	29,147	(27,587)
Transition home			
- DIAND	150,532	513,510	(362,978)
- DIAND - prior/current year recovery adjustment	(35,551)	(1,780,704)	1,745,153
Young offenders agreement	1,143,282	1,059,870	83,412
Young offenders agreement - prior/current year recovery adjustment	(41,667)	-	(41,667)
Youth criminal justice - cost sharing agreements	54,090	279,863	(225,773)
Social services			
- DIAND	450,812	505,602	(54,790)
- client recovery	63,745	71,424	(7,679)
- DIAND - prior/current year recovery adjustment	47,057	-	47,057
Yukon child benefit - DIAND	240,000	240,000	-
Continuing Care Facilities - Whitehorse			
- DIAND	1,780,440	1,721,945	58,495
- residents	540,315	481,385	58,930
- Yukon Housing Corporation	56,274	261,797	(205,523)
- adult day program	2,551	2,375	176
- Non Yukon residents	104,650	-	104,650
- DIAND - prior year recoveries	-	661,821	(661,821)
- Yukon Housing Corporation - prior year recovery adjustment	-	(183,072)	183,072
McDonald Lodge - Dawson			
- DIAND	87,223	224,131	(136,908)
- residents	42,075	47,354	(5,279)
- DIAND - prior/current year recovery adjustment	-	(661,888)	661,888
Home care			
- DIAND	82,425	78,548	3,877
- Dawson - DIAND	15,924	14,756	1,168
National diabetes surveillance survey	13,032	40,243	(27,211)
Third party			
- medical care	43,454	18,890	24,564
- hospital care	149,622	32,163	117,459
- medical travel	263,719	116,960	146,759
Emergency travel recoveries			
- non-insured health benefits medical travel	669,978	731,475	(61,497)
- non-residents medical travel	300,123	76,638	223,485
Reciprocal billing	1,492,998	1,242,857	250,141
Communication aids	168,104	189,413	(21,309)

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Recoveries
for the year ended March 31, 2004

	2004	2003	Increase (Decrease)
Health and Social Services			
Operations and maintenance (continued)			
Hearing assessments	$ 85,015	$ 87,580	$ (2,565)
Environmental health - foodsafe course	486	928	(442)
Health promotion - tobacco control program	356,553	163,378	193,175
Community nursing			
- patient services	440,837	306,897	133,940
- drug recoveries	23,970	27,179	(3,209)
- Lower Post recovery	26,367	26,367	-
- rent/utility recoveries	114,143	141,081	(26,938)
- dietary recoveries	1,262	1,483	(221)
- Whitehorse Health Centre vaccines	65,937	54,788	11,149
- third party - ambulance	116,549	105,057	11,492
Prairie northern FAS partnership conference	10,111	139,137	(129,026)
Primary health care transition fund	491,943	32,614	459,329
Miscellaneous prior year recovery adjustments	-	(586,051)	586,051
Environmental health - drinking water	-	11,173	(11,173)
Miscellaneous recoveries	90	5,842	(5,752)
	18,863,532	14,231,958	4,631,574
Capital			
Yukon telehealth network	324,002	376,221	(52,219)
Primary health care transition fund	36,207	99,981	(63,774)
Diagnostic/medical equipment fund	90,111	-	90,111
Miscellaneous recoveries	3,000	-	3,000
Systems development	-	152,500	(152,500)
Young offender facilities - renovations and equipment	-	42,596	(42,596)
Continuing care - new facility	-	16,000	(16,000)
Dental health services - equipment	-	1,278	(1,278)
Environmental health - drinking water	-	8,850	(8,850)
	453,320	697,426	(244,106)

Comparative Schedule of Recoveries
for the year ended March 31, 2004

	2004	2003	Increase (Decrease)
Highways and Public Works			
Operations and maintenance			
Deposit forfeitures	$ (100)	$ 3,600	$ (3,700)
Corporation central facility processing cost	93,000	93,000	-
PC maintenance	6,000	6,500	(500)
Service agreements (information and communications)	252,508	253,899	(1,391)
Highways employee housing	23,854	20,054	3,800
Transportation recoverable services	231,334	242,048	(10,714)
Weigh stations	142,368	142,418	(50)
Airports	1,423,198	1,375,293	47,905
Queen's Printer subscriptions	108,105	58,822	49,283
Travel agent processing	21,502	10,887	10,615
French language services - Canadian Heritage	1,376,476	1,407,000	(30,524)
Refund of Property Management Revolving Fund excess income	618,114	227,388	390,726
Application support	-	24,400	(24,400)
Miscellaneous recoveries	690	8,036	(7,346)
	4,297,049	3,873,345	423,704
Capital			
Multi-departmental mobile radio system	140,250	95,000	45,250
Alaska Highway - Shakwak	18,196,180	25,076,916	(6,880,736)
Bridge rehabilitation	972,766	-	972,766
Sale of government surplus equipment	17,582	1,698	15,884
Project management services	276,480	872,420	(595,940)
French language services			
- office furniture, equipment, systems and space	2,626	13,000	(10,374)
Airports			
- Whitehorse runway sweeper	156,870	-	156,870
- Whitehorse airport	134,683	-	134,683
- Dawson City airport	(106,128)	2,178,575	(2,284,703)
- City of Whitehorse	-	21,590	(21,590)
Association franco-yukonnaise day care	155,798	5,600	150,198
Klondike Highway - slope stabilization	14,433	-	14,433
Alaska Highway - strategic highway improvement program	-	1,100,000	(1,100,000)
Special projects - telecommunications infrastructure development	2,000	6,000	(4,000)
Miscellaneous recoveries	803	-	803
	19,964,343	29,370,799	(9,406,456)

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Recoveries
for the year ended March 31, 2004

	2004	2003	Increase (Decrease)
Justice			
Operations and maintenance			
Worker advocate	$ 361,243	$ 323,170	$ 38,073
Child support guidelines	174,893	94,000	80,893
Witness program - videoconferencing	575	30,746	(30,171)
Legal aid	655,430	527,408	128,022
Aboriginal courtworker program	184,833	206,200	(21,367)
Yukon Public Legal Education Association	70,000	70,000	-
Administration of Justice agreement	500	1,699	(1,199)
Institutional facilities	16,677	21,726	(5,049)
Parole supervision	52,000	52,000	-
Family violence prevention unit and victim services			
- Justice Canada: outreach workers	50,000	50,000	-
- Justice Canada: victim coordinator	36,800	36,699	101
- University of Calgary: research worker	10,800	14,400	(3,600)
Yukon First Nations community constable program	93,251	-	93,251
Community justice projects	5,610	13,800	(8,190)
Piped propane hearings	-	29,508	(29,508)
	1,712,612	**1,471,356**	**241,256**
Capital			
Office furniture, equipment, systems and space	25,000	18,000	7,000
Maintenance enforcement system	-	53,000	(53,000)
Workers advocate capital recovery	-	40,027	(40,027)
	25,000	**111,027**	**(86,027)**
Public Service Commission			
Operations and maintenance			
Staff development operations	11,182	16,574	(5,392)
Inter-jurisdictional conference - staff relations	10,810	-	10,810
	21,992	**16,574**	**5,418**

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Recoveries
for the year ended March 31, 2004

	2004	2003	Increase (Decrease)
Tourism and Culture			
Operations and maintenance			
Yukon Lottery Commission	$ 215,000	$ 215,000	$ -
City of Whitehorse - information kiosk	15,000	15,000	-
Joint Yukon/Alaska marketing program	147,807	155,617	(7,810)
Fine arts accreditation - Department of Indian Affairs and Northern Development	25,000	-	25,000
Technology partnerships	(550)	-	(550)
Moving words - poetry in transit	-	4,500	(4,500)
Arts and culture development	-	25,000	(25,000)
Tourism travel trade	-	(1,423)	1,423
	402,257	**413,694**	**(11,437)**
Capital			
Historic places initiative	285,790	26,600	259,190
Yukon Beringia Interpretive Centre - development - public education and outreach project	17,294	37,334	(20,040)
Historic sites maintenance	30,000	-	30,000
Communication access	1,918	-	1,918
Artifact inventory and cataloguing - community memories	-	5,000	(5,000)
	335,002	**68,934**	**266,068**
Interest			
Operations and maintenance			
Interest	**660,070**	**767,473**	**(107,403)**

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Recoveries for the year ended March 31, 2004

	2004	2003	Increase (Decrease)
Totals			
Operations and maintenance	$ 42,981,011	$ 30,511,795	$ 12,469,216
Capital	28,717,898	36,441,810	(7,723,912)
	71,698,909	66,953,605	4,745,304
Less: Land recoveries transferred to land held for sale	5,656,029	3,184,425	2,471,604
Local improvement recoveries transferred to loans receivable	291,905	239,873	52,032
	$ 65,750,975	**$ 63,529,307**	**$ 2,221,668**

Schedule 4

GOVERNMENT OF YUKON

Schedule of Recoveries by Department
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual Recoveries	Under (Over) Estimates
Executive Council Office					
Operations and maintenance					
Land claims implementation - Canada	$ 4,690,000	$ (2,036,000)	$ 2,654,000	$ 2,635,520	$ 18,480
Devolution - Canada	-	563,000	563,000	562,650	350
First Nations relations - Canadian Heritage	1,100,000	-	1,100,000	957,428	142,572
	5,790,000	**(1,473,000)**	**4,317,000**	**4,155,598**	**161,402**
Capital					
Land claims implementation - land development costs	432,000	-	432,000	432,176	(176)
First Nations relations - Canadian Heritage	14,000	(14,000)	-	2,950	(2,950)
	446,000	**(14,000)**	**432,000**	**435,126**	**(3,126)**

GOVERNMENT OF YUKON

Schedule 4

Schedule of Recoveries by Department
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual Recoveries	Under (Over) Estimates
Community Services					
Operations and maintenance					
Emergency measures	$ 139,000	$ 16,000	$ 155,000	$ 142,975	$ 12,025
Community recreation/active living	64,000	-	64,000	58,400	5,600
Sport	280,000	-	280,000	275,588	4,412
Community assessments	310,000	-	310,000	323,423	(13,423)
Water and sewer services	212,000	-	212,000	257,043	(45,043)
Mosquito control	21,000	-	21,000	29,754	(8,754)
Motor vehicles	3,000	-	3,000	4,544	(1,544)
Author readings	4,000	-	4,000	-	4,000
Wildland fire exchange recoveries	-	-	-	3,121,240	(3,121,240)
	1,033,000	**16,000**	**1,049,000**	**4,212,967**	**(3,163,967)**

GOVERNMENT OF YUKON

Schedule 4

Schedule of Recoveries by Department
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual Recoveries	Under (Over) Estimates
Community Services					
Capital					
Emergency measures	$ 20,000	$ (20,000)	$ -	$ 12,366	$ (12,366)
Fire protection - communications radio and pager	15,000	15,000	30,000	14,080	15,920
Reserve fund for Dawson City projects	100,000	-	100,000	114,320	(14,320)
Sewage treatment and disposal	150,000	-	150,000	-	150,000
Land development cost recovery					
- industrial	100,000	220,000	320,000	118,183	201,817
- recreational	100,000	-	100,000	106,873	(6,873)
- residential	5,625,000	(11,000)	5,614,000	5,415,370	198,630
Rural electrification and telephone	350,000	488,000	838,000	291,905	546,095
Canada/Yukon infrastructure agreement	-	69,000	69,000	496,181	(427,181)
Public libraries	-	48,000	48,000	-	48,000
Decade of sport and culture	-	-	-	140,000	(140,000)
	6,460,000	**809,000**	**7,269,000**	6,709,278	**559,722**
Less: Land recoveries transferred to land held for sale				5,640,426	
Local improvement recoveries transferred to loans receivable				291,905	
				776,947	

GOVERNMENT OF YUKON

Schedule of Recoveries by Department
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual Recoveries	Under (Over) Estimates
Economic Development					
Operations and maintenance					
Yukon innovation action plan - phase 2	$ -	$ 57,000	$ 57,000	$ 56,700	$ 300
Economic development plan for the Yukon	-	35,000	35,000	30,000	5,000
Forum on e-business	-	-	-	30,000	(30,000)
Innovation forum	-	-	-	8,000	(8,000)
	-	**92,000**	**92,000**	**124,700**	**(32,700)**

GOVERNMENT OF YUKON

Schedule of Recoveries by Department
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual Recoveries	Under (Over) Estimates
Education					
Operations and maintenance	$ 9,000	$ -	$ 9,000	$ -	$ 9,000
Student information and assessments	120,000	-	120,000	105,640	14,360
Student accommodation	5,000	-	5,000	5,401	(401)
Staff accommodation rental	1,004,000	100,000	1,104,000	1,104,085	(85)
Canadian Heritage - French language programs					
Council of Ministers of Education of Canada	162,000	9,000	171,000	163,864	7,136
agreement - monitors	233,000	-	233,000	197,900	35,100
Stikine students	35,000	-	35,000	39,649	(4,649)
Yukon Teachers' Association - substitute teachers	15,000	(15,000)	-	-	-
Grass roots	5,000	-	5,000	2,793	2,207
Canadian National Marsville	2,000	-	2,000	4,200	(2,200)
Charles R. Bronfman Foundation Heritage					
Human Resources Development Canada	825,000	-	825,000	825,000	-
- skills development					
Student financial assistance	41,000	-	41,000	41,864	(864)
- Canada student loan administration	40,000	-	40,000	40,000	-
- millennium scholarship fund	28,000	90,000	118,000	72,146	45,854
- Canada study grants					
	2,524,000	**184,000**	**2,708,000**	**2,602,542**	**105,458**
Capital					
School-based equipment purchase	**40,000**	**10,000**	**50,000**	**51,000**	**(1,000)**

GOVERNMENT OF YUKON

Schedule of Recoveries by Department
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual Recoveries	Under (Over) Estimates
Energy, Mines and Resources					
Operations and maintenance					
Agriculture food innovation program	$ 321,000	$ (71,000)	$ 250,000	$ 229,817	$ 20,183
Agriculture Canada					
- rent	3,000	-	3,000	2,702	298
- industry transition program	-	190,000	190,000	-	190,000
Agriculture conference	2,000	-	2,000	1,380	620
Master gardener course	2,000	-	2,000	2,345	(345)
Yukon Placer Committee	38,000	(19,000)	19,000	13,496	5,504
Tough report funding - Department of Indian Affairs and Northern Development (DIAND)	-	529,000	529,000	336,163	192,837
Tough report funding - DIAND - Kaska Forest Resources Stewardship Council	-	300,000	300,000	300,000	-
Type II mine sites - DIAND	-	4,284,000	4,284,000	3,848,007	435,993
Geological Survey of Canada	-	179,000	179,000	179,171	(171)
Parks Canada - library services	-	10,000	10,000	10,470	(470)
	366,000	**5,402,000**	**5,768,000**	**4,923,551**	**844,449**
Capital					
Legal surveys	10,000	36,000	46,000	31,368	14,632
Agricultural land development	100,000	-	100,000	15,603	84,397
Forest inventory	-	767,000	767,000	599,018	167,982
Forest engineering	-	500,000	500,000	-	500,000
Geological surveys - knowledge and innovation funding	-	99,000	99,000	98,840	160
	110,000	**1,402,000**	**1,512,000**	744,829	**767,171**
Less land recoveries transferred to land held for sale				15,603	
				729,226	

GOVERNMENT OF YUKON

Schedule 4

Schedule of Recoveries by Department
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual Recoveries	Under (Over) Estimates
Environment					
Operations and maintenance					
Miscellaneous partnerships	$ 100,000	$ -	$ 100,000	$ -	$ 100,000
Inuvialuit Final Agreement	803,000	(18,000)	785,000	821,604	(36,604)
Freshwater fisheries agreement	20,000	-	20,000	20,000	-
Province of British Columbia	2,000	-	2,000	1,500	500
Conservation Action Team	2,000	-	2,000	2,050	(50)
Special waste collection	60,000	-	60,000	24,108	35,892
Chisana caribou recovery project	-	28,000	28,000	28,000	-
NatureServe project	-	44,000	44,000	49,400	(5,400)
North slope conference	-	-	-	6,630	(6,630)
Ultra sound machine usage recovery	-	-	-	6,000	(6,000)
Fur bearer conference	-	-	-	7,246	(7,246)
Selkirk management plan	-	-	-	10,000	(10,000)
Faro water balance project	-	-	-	18,128	(18,128)
Government of NWT - Porcupine caribou herd studies	-	-	-	(3,000)	3,000
Vehicle emissions clinic	-	-	-	3,019	(3,019)
Hunting and angling synopses - advertising	-	-	-	3,456	(3,456)
	987,000	**54,000**	**1,041,000**	**998,141**	**42,859**
Capital					
Inuvialuit Final Agreement	-	**18,000**	**18,000**	-	**18,000**

GOVERNMENT OF YUKON

Schedule of Recoveries by Department
for the year ended March 31, 2004

Schedule 4

		Main Estimates		Supplementary Estimates		Revised Estimates		Actual Recoveries		Under (Over) Estimates
Finance										
Operations and maintenance										
Workers' Compensation Health and Safety Board payroll	$	6,000	$	-	$	6,000	$	6,000	$	-
Charge card incentive		10,000		-		10,000		-		10,000
		16,000		-		**16,000**		**6,000**		**10,000**
Capital										
Loan guarantee contingency		**250,000**		-		**250,000**		-		**250,000**

GOVERNMENT OF YUKON

Schedule 4

Schedule of Recoveries by Department
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual Recoveries	Under (Over) Estimates
Health and Social Services					
Operations and maintenance					
Child welfare					
- Department of Indian Affairs and Northern Development (DIAND)	$ 6,376,000	$ 50,000	$ 6,426,000	$ 7,814,668	$ (1,388,668)
- DIAND - prior year recovery	-	899,000	899,000	950,201	(51,201)
Federal child benefit	285,000	-	285,000	478,633	(193,633)
Family and children's services - client recovery	4,000	-	4,000	1,560	2,440
Transition home					
- DIAND	228,000	-	228,000	150,532	77,468
- DIAND - prior/current year recovery adjustment	-	-	-	(35,551)	35,551
Dawson shelter - DIAND	21,000	-	21,000	-	21,000
Young offenders agreement	1,080,000	-	1,080,000	1,143,282	(63,282)
Young offenders agreement - prior/current year recovery adjustment	-	-	-	(41,667)	41,667
Youth criminal justice - cost sharing agreements	212,000	-	212,000	54,090	157,910
Social services					
- DIAND	650,000	-	650,000	450,812	199,188
- client recovery	50,000	-	50,000	63,745	(13,745)
- DIAND - prior/current year recovery adjustment	-	-	-	47,057	(47,057)
Yukon child benefit - DIAND	240,000	-	240,000	240,000	-
Continuing Care Facilities - Whitehorse					
- DIAND	2,128,000	(1,197,000)	931,000	1,780,440	(849,440)
- residents	557,000	126,000	683,000	540,315	142,685
- Yukon Housing Corporation	430,000	(374,000)	56,000	56,274	(274)
- adult day program	13,000	-	13,000	2,551	10,449
- Non Yukon residents	-	-	-	104,650	(104,650)
McDonald Lodge - Dawson					
- DIAND	250,000	-	250,000	87,223	162,777
- residents	60,000	-	60,000	42,075	17,925

GOVERNMENT OF YUKON

Schedule of Recoveries by Department
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual Recoveries	Under (Over) Estimates
Health and Social Services					
Operations and maintenance (continued)					
Home care					
- DIAND	$ 100,000	$ -	$ 100,000	$ 82,425	$ 17,575
- Dawson - DIAND	10,000	-	10,000	15,924	(5,924)
National diabetes surveillance survey	90,000	(40,000)	50,000	13,032	36,968
Third party					
- medical care	25,000	-	25,000	43,454	(18,454)
- hospital care	65,000	70,000	135,000	149,622	(14,622)
- medical travel	75,000	30,000	105,000	263,719	(158,719)
Emergency travel recoveries					
- non-insured health benefits medical travel	815,000	-	815,000	669,978	145,022
- non-residents medical travel	100,000	205,000	305,000	300,123	4,877
Reciprocal billing	1,430,000	(140,000)	1,290,000	1,492,998	(202,998)
Communication aids	255,000	-	255,000	168,104	86,896
Hearing assessments	30,000	-	30,000	85,015	(55,015)
Environmental health - foodsafe course	1,000	-	1,000	486	514
Health promotion - tobacco control program	256,000	98,000	354,000	356,553	(2,553)
Community nursing					
- patient services	350,000	(76,000)	274,000	440,837	(166,837)
- drug recoveries	39,000	(22,000)	17,000	23,970	(6,970)
- Lower Post recovery	22,000	4,000	26,000	26,367	(367)
- rent/utility recoveries	132,000	(22,000)	110,000	114,143	(4,143)
- dietary recoveries	2,000	-	2,000	1,262	738
- Whitehorse Health Centre vaccines	50,000	-	50,000	65,937	(15,937)
- third party - ambulance	164,000	-	164,000	116,549	47,451
Prairie northern FAS partnership conference	-	8,000	8,000	10,111	(2,111)
Primary health care transition fund	-	610,000	610,000	491,943	118,057
Miscellaneous recoveries	-	-	-	90	(90)
	16,595,000	229,000	16,824,000	18,863,532	(2,039,532)

GOVERNMENT OF YUKON

Schedule 4

Schedule of Recoveries by Department
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual Recoveries	Under (Over) Estimates
Health and Social Services					
Capital					
Yukon telehealth network	$ -	$ 316,000	$ 316,000	$ 324,002	$ (8,002)
Primary health care transition fund	-	252,000	252,000	36,207	215,793
Diagnostic/medical equipment fund	-	500,000	500,000	90,111	409,889
Miscellaneous recoveries	-	-	-	3,000	(3,000)
	-	**1,068,000**	**1,068,000**	**453,320**	**614,680**
Highways and Public Works					
Operations and maintenance					
Deposit forfeitures	1,000	-	1,000	(100)	1,100
Corporation central facility processing cost	93,000	-	93,000	93,000	-
PC maintenance	6,000	-	6,000	6,000	-
Service agreements (information and communications)	350,000	(118,000)	232,000	252,508	(20,508)
Highways employee housing	29,000	-	29,000	23,854	5,146
Transportation recoverable services	295,000	-	295,000	231,334	63,666
Weigh stations	150,000	-	150,000	142,368	7,632
Airports	1,381,000	-	1,381,000	1,423,198	(42,198)
Queen's Printer subscriptions	65,000	90,000	155,000	108,105	46,895
Travel agent processing	8,000	-	8,000	21,502	(13,502)
French language services - Canadian Heritage	1,374,000	(10,000)	1,364,000	1,376,476	(12,476)
Refund of Property Management Revolving Fund excess income	-	-	-	618,114	(618,114)
Miscellaneous recoveries	-	-	-	690	(690)
	3,752,000	**(38,000)**	**3,714,000**	**4,297,049**	**(583,049)**

Schedule 4

GOVERNMENT OF YUKON

Schedule of Recoveries by Department
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual Recoveries	Under (Over) Estimates
Highways and Public Works					
Capital					
Multi-departmental mobile radio system	$ 50,000	$ 90,000	$ 140,000	$ 140,250	$ (250)
Alaska Highway - Shakwak	20,000,000	33,000	20,033,000	18,196,180	1,836,820
Bridge rehabilitation	1,100,000	-	1,100,000	972,766	127,234
Sale of government surplus equipment	75,000	-	75,000	17,582	57,418
Project management services	1,000,000	(695,000)	305,000	276,480	28,520
French language services					
- office furniture, equipment, systems and space	6,000	(2,000)	4,000	2,626	1,374
Airports					
- Whitehorse runway sweeper	-	157,000	157,000	156,870	130
- Whitehorse airport	-	955,000	955,000	134,683	820,317
- Dawson City airport	-	(19,000)	(19,000)	(106,128)	87,128
Association franco-yukonnaise day care	-	154,000	154,000	155,798	(1,798)
Klondike Highway - slope stabilization	-	-	-	14,433	(14,433)
Special projects - telecommunications infrastructure development	-	-	-	2,000	(2,000)
Miscellaneous recoveries	-	-	-	803	(803)
	22,231,000	673,000	22,904,000	19,964,343	2,939,657

GOVERNMENT OF YUKON

Schedule 4

Schedule of Recoveries by Department
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual Recoveries	Under (Over) Estimates
Justice					
Operations and maintenance					
Worker advocate	$ 376,000	$ -	$ 376,000	$ 361,243	$ 14,757
Child support guidelines	98,000	-	98,000	174,893	(76,893)
Witness program - videoconferencing	8,000	-	8,000	575	7,425
Legal aid	528,000	276,000	804,000	655,430	148,570
Aboriginal courtworker program	146,000	12,000	158,000	184,833	(26,833)
Yukon Public Legal Education Association	70,000	-	70,000	70,000	-
Administration of Justice agreement	20,000	-	20,000	500	19,500
Public Utilities Board hearings	100,000	-	100,000	-	100,000
Institutional facilities	10,000	-	10,000	16,677	(6,677)
Parole supervision	52,000	-	52,000	52,000	-
Family violence prevention unit and victim services					
- Justice Canada: outreach workers	50,000	-	50,000	50,000	-
- Justice Canada: victim coordinator	37,000	-	37,000	36,800	200
- University of Calgary: research worker	11,000	-	11,000	10,800	200
Yukon First Nations community constable program	-	340,000	340,000	93,251	246,749
Community justice projects	-	-	-	5,610	(5,610)
	1,506,000	**628,000**	**2,134,000**	**1,712,612**	**421,388**
Capital					
Office furniture, equipment, systems and space	-	**25,000**	**25,000**	**25,000**	-

GOVERNMENT OF YUKON

Schedule of Recoveries by Department
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual Recoveries	Under (Over) Estimates
Public Service Commission					
Operations and maintenance					
Staff development operations	$ 45,000	$ -	$ 45,000	$ 11,182	$ 33,818
Inter-jurisdictional conference - staff relations	-	-	-	10,810	(10,810)
	45,000	**-**	**45,000**	**21,992**	**23,008**
Tourism and Culture					
Operations and maintenance					
Yukon Lottery Commission	240,000	-	240,000	215,000	25,000
City of Whitehorse - information kiosk	15,000	-	15,000	15,000	-
Joint Yukon/Alaska marketing program	165,000	-	165,000	147,807	17,193
Fine arts accreditation - Department of Indian Affairs and Northern Development	-	30,000	30,000	25,000	5,000
Technology partnerships	-	-	-	(550)	550
	420,000	**30,000**	**450,000**	**402,257**	**47,743**
Capital					
Historic places initiative	-	329,000	329,000	285,790	43,210
Yukon Beringia Interpretive Centre - development - public education and outreach project	-	13,000	13,000	17,294	(4,294)
Historic sites maintenance	-	25,000	25,000	30,000	(5,000)
Communication access	-	-	-	1,918	(1,918)
	-	**367,000**	**367,000**	**335,002**	**31,998**

Schedule 4

GOVERNMENT OF YUKON

Schedule of Recoveries by Department for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual Recoveries	Under (Over) Estimates
Interest					
Operations and maintenance					
Interest	$ 657,000	$ -	$ 657,000	$ 660,070	$ (3,070)
Totals					
Operations and maintenance	33,691,000	5,124,000	38,815,000	42,981,011	(4,166,011)
Capital	29,537,000	4,358,000	33,895,000	28,717,898	5,177,102
	$ 63,228,000	$ 9,482,000	$ 72,710,000	71,698,909	$ 1,011,091
Less: Land recoveries transferred to land held for sale				5,656,029	
Local improvement recoveries transferred to loans receivable				291,905	
				$ 65,750,975	

GOVERNMENT OF YUKON

Schedule 5

Comparative Schedule of Expenditures
for the year ended March 31, 2004

	2004	2003	Increase (Decrease)
Yukon Legislative Assembly			
Operations and maintenance			
Legislative services	$ 1,884,789	$ 2,075,474	$ (190,685)
Legislative Assembly Office	563,600	526,206	37,394
Retirement allowances and death benefits	971,297	3,169,938	(2,198,641)
Hansard	297,557	278,150	19,407
Conflicts Commission	39,524	40,488	(964)
	3,756,767	6,090,256	(2,333,489)
Less adjustment due to change in accounting policy	-	2,482,000	(2,482,000)
	3,756,767	**3,608,256**	**148,511**
Capital			
Legislative Assembly Office	**39,832**	**19,389**	**20,443**
Elections Office			
Operations and maintenance			
Elections	**124,164**	**619,815**	**(495,651)**
Capital			
Elections	**2,946**	**11,778**	**(8,832)**
Office of the Ombudsman			
Operations and maintenance			
Office of the Ombudsman	**399,027**	**377,646**	**21,381**
Capital			
Office of the Ombudsman	**4,363**	**4,850**	**(487)**

GOVERNMENT OF YUKON

Schedule 5

Comparative Schedule of Expenditures
for the year ended March 31, 2004

	2004	2003	Increase (Decrease)
Executive Council Office			
Operations and maintenance			
Cabinet and management support	$ 902,917	$ 991,594	$ (88,677)
Land Claims and Implementation Secretariat	5,544,125	4,928,012	616,113
Devolution	912,724	1,634,718	(721,994)
Policy	459,364	666,423	(207,059)
Communications	465,786	355,692	110,094
Intergovernmental relations	796,589	1,056,855	(260,266)
First Nations relations	1,202,559	1,249,685	(47,126)
Government audit services	290,677	248,251	42,426
Bureau of Statistics	751,521	710,248	41,273
Office of the Commissioner	157,645	116,182	41,463
Development assessment process	1,012,582	142,071	870,511
Cabinet Offices	1,941,332	2,036,312	(94,980)
Youth Directorate	508,458	490,448	18,010
Water Board Secretariat	875,857	-	875,857
	15,822,136	**14,626,491**	**1,195,645**
Capital			
Cabinet and management support	81,499	24,486	57,013
Land Claims and Implementation Secretariat	2,176,810	645,551	1,531,259
First Nations relations	77,950	-	77,950
Development assessment process	67,689	-	67,689
	2,403,948	**670,037**	**1,733,911**
Community Services			
Operations and maintenance			
Corporate services	1,667,208	1,497,797	169,411
Protective services	11,866,987	1,008,009	10,858,978
Community development	26,232,171	23,117,682	3,114,489
Service Yukon	2,886,833	2,885,950	883
Consumer and safety services	3,014,874	2,387,129	627,745
	45,668,073	**30,896,567**	**14,771,506**

GOVERNMENT OF YUKON

Schedule 5

Comparative Schedule of Expenditures
for the year ended March 31, 2004

	2004	2003	Increase (Decrease)
Community Services			
Capital			
Corporate services	$ 285,998	$ 282,781	$ 3,217
Protective services	3,413,454	1,688,619	1,724,835
Community development	19,848,702	12,833,134	7,015,568
Service Yukon	56	88,830	(88,774)
	23,548,210	14,893,364	8,654,846
Less: Land development costs transferred to land held for sale	3,886,141	2,887,133	999,008
Local improvement costs transferred to loans receivable	785,035	511,184	273,851
	18,877,034	**11,495,047**	**7,381,987**
Economic Development			
Operations and maintenance			
Corporate services	471,432	112,576	358,856
Policy, planning and research	763,523	521,250	242,273
Investment, trade and business development	1,292,556	1,251,105	41,451
Regional economic development	11,254	-	11,254
Strategic industries development	90,093	85,500	4,593
	2,628,858	**1,970,431**	**658,427**
Capital			
Corporate services	1,307,730	643,000	664,730
Investment, trade and business development	714,185	557,474	156,711
Regional economic development	3,380,517	1,180,255	2,200,262
Strategic industries development	20,218	-	20,218
	5,422,650	**2,380,729**	**3,041,921**

GOVERNMENT OF YUKON

Schedule 5

Comparative Schedule of Expenditures
for the year ended March 31, 2004

Education

	2004	2003	Increase (Decrease)
Operations and maintenance			
Education support services	$ 11,364,097	$ 11,543,647	$ (179,550)
Public schools	64,000,505	61,939,735	2,060,770
Advanced education	19,156,470	18,617,866	538,604
	94,521,072	**92,101,248**	**2,419,824**
Capital			
Education support services	511,432	605,872	(94,440)
Public schools	7,219,689	7,347,259	(127,570)
Advanced education	2,383,995	1,718,455	665,540
	10,115,116	**9,671,586**	**443,530**

Energy, Mines and Resources

	2004	2003	Increase (Decrease)
Operations and maintenance			
Corporate services	3,618,394	1,403,645	2,214,749
Policy and planning	1,735,898	1,110,856	625,042
Sustainable resources	6,312,463	1,550,072	4,762,391
Oil and gas and mineral resources	11,517,140	2,934,828	8,582,312
Client services and inspections	3,939,428	-	3,939,428
	27,123,323	**6,999,401**	**20,123,922**
Capital			
Corporate services	262,629	59,775	202,854
Policy and planning	75,135	76,207	(1,072)
Sustainable resources	1,256,544	90,727	1,165,817
Oil and gas and mineral resources	3,177,801	4,457,058	(1,279,257)
	4,772,109	4,683,767	88,342
Less land development costs transferred to land held for sale	9,360	41,809	(32,449)
	4,762,749	**4,641,958**	**120,791**

Comparative Schedule of Expenditures for the year ended March 31, 2004

	2004	2003	Increase (Decrease)
Environment			
Operations and maintenance			
General management	$ 265,398	$ 413,961	$ (148,563)
Corporate services	3,876,492	3,835,481	41,011
Management of natural resources	7,356,447	7,011,913	344,534
Monitoring and compliance	6,025,337	4,152,343	1,872,994
	17,523,674	**15,413,698**	**2,109,976**
Capital			
Corporate services	1,210,680	365,008	845,672
Management of natural resources	666,407	666,264	143
Monitoring and compliance	-	6,000	(6,000)
	1,877,087	**1,037,272**	**839,815**
Finance			
Operations and maintenance			
Treasury	4,148,034	4,202,915	(54,881)
Workers' compensation supplementary benefits	452,425	414,791	37,634
Bad debts expense	399,925	156,470	243,455
	5,000,384	**4,774,176**	**226,208**
Capital			
Treasury	**523,401**	**101,795**	**421,606**

GOVERNMENT OF YUKON

Schedule 5

Comparative Schedule of Expenditures for the year ended March 31, 2004

	2004	2003	Increase (Decrease)
Health and Social Services			
Operations and maintenance			
Policy, planning and administration	$ 4,027,073	$ 4,441,183	$ (414,110)
Family and children's services	30,663,516	27,886,832	2,776,684
Social services	32,679,091	31,307,650	1,371,441
Health services	82,604,892	75,885,120	6,719,772
Regional services	4,139,206	3,734,606	404,600
	154,113,778	143,255,391	10,858,387
Less loan payments transferred to long-term debt	-	60,933	(60,933)
	154,113,778	**143,194,458**	**10,919,320**
Capital			
Policy, planning and administration	92,782	333,004	(240,222)
Family and children's services	241,757	419,679	(177,922)
Social services	636,000	2,683,720	(2,047,720)
Health services	1,121,038	1,166,995	(45,957)
Regional services	5,828	2,929	2,899
	2,097,405	**4,606,327**	**(2,508,922)**
Highways and Public Works			
Operations and maintenance			
Corporate services	3,632,323	3,244,954	387,369
Information and communications technology	6,653,211	6,343,586	309,625
Transportation	40,328,096	39,533,426	794,670
Supply services	3,048,643	2,567,933	480,710
Property management	15,786,435	12,693,657	3,092,778
French language services	1,550,746	1,577,947	(27,201)
Central Stores write-off	4,127	14,108	(9,981)
	71,003,581	65,975,611	5,027,970
Less capital lease payments transferred to capital lease obligations	764,604	-	764,604
	70,238,977	65,975,611	4,263,366
Amortization expense	959,919	-	959,919
	71,198,896	**65,975,611**	**5,223,285**

Comparative Schedule of Expenditures
for the year ended March 31, 2004

	2004	2003	Increase (Decrease)
Highways and Public Works			
Capital			
Corporate services	$ 159,634	$ 169,100	$ (9,466)
Information and communications technology	3,993,741	3,546,913	446,828
Transportation	33,452,128	43,849,467	(10,397,339)
Supply services	50,866	25,925	24,941
Property management	6,977,997	3,428,395	3,549,602
French language services	160,424	18,508	141,916
	44,794,790	51,038,308	(6,243,518)
Less leased capital asset cost transferred to non-financial assets	3,251,489	-	3,251,489
	41,543,301	**51,038,308**	**(9,495,007)**
Justice			
Operations and maintenance			
Management services	2,180,149	2,224,076	(43,927)
Court services	4,667,768	4,504,046	163,722
Legal services	3,966,505	3,762,854	203,651
Regulatory services	660,376	583,691	76,685
Community and correctional services	8,814,036	8,447,579	366,457
Community justice and public safety	14,028,107	14,027,913	194
Human rights	383,090	384,856	(1,766)
	34,700,031	**33,935,015**	**765,016**
Capital			
Management services	190,626	418,663	(228,037)
Community and correctional services	164,103	1,207,293	(1,043,190)
	354,729	**1,625,956**	**(1,271,227)**

GOVERNMENT OF YUKON

Schedule 5

Comparative Schedule of Expenditures
for the year ended March 31, 2004

	2004	2003	Increase (Decrease)
Public Service Commission			
Operations and maintenance			
Finance and administration	$ 511,082	$ 534,922	$ (23,840)
Corporate human resource services	1,355,363	1,320,235	35,128
Employee compensation	1,406,732	1,287,891	118,841
Staff relations	1,109,589	831,461	278,128
Workers' compensation fund	3,017,782	2,798,824	218,958
Human resource management systems	374,788	220,955	153,833
Policy and planning	508,955	459,004	49,951
Employee leave and termination benefits adjustment	6,650,117	11,334,621	(4,684,504)
Staff development	2,422,571	2,160,625	261,946
	17,356,979	**20,948,538**	**(3,591,559)**
Capital			
Finance and administration	38,062	58,643	(20,581)
Staff development	18,013	-	18,013
	56,075	**58,643**	**(2,568)**
Tourism and Culture			
Operations and maintenance			
Corporate services	2,092,926	1,794,073	298,853
Cultural services	3,986,985	3,897,352	89,633
Marketing	7,032,080	7,581,306	(549,226)
	13,111,991	**13,272,731**	**(160,740)**
Capital			
Corporate services	92,834	75,635	17,199
Cultural services	3,247,747	2,565,283	682,464
Marketing	281,142	270,610	10,532
	3,621,723	**2,911,528**	**710,195**

GOVERNMENT OF YUKON

Schedule 5

Comparative Schedule of Expenditures for the year ended March 31, 2004

	2004	2003	Increase (Decrease)
Women's Directorate			
Operations and maintenance			
Policy and program development	$ 530,290	$ 474,346	$ 55,944
Capital			
Policy and program development	10,319	-	10,319
Yukon Development Corporation (Transfer Payment)			
Capital			
Rate stabilization fund	-	3,000,000	(3,000,000)
Yukon Housing Corporation (Transfer Payment)			
Operations and maintenance			
Expenditures	634,266	(201,150)	835,416
Capital			
Expenditures	1,466,862	1,790,507	(323,645)
Interest on Loans			
Operations and maintenance			
Interest	363,750	357,709	6,041

Comparative Schedule of Expenditures
for the year ended March 31, 2004

	2004	2003	Increase (Decrease)
Totals			
Operations and maintenance	$ 505,342,063	$ 451,887,920	$ 53,454,143
Capital	101,111,565	98,505,836	2,605,729
	606,453,628	550,393,756	56,059,872
Less: Land development costs transferred to land held for sale	3,895,501	2,928,942	966,559
Local improvement costs transferred to loans receivable	785,035	511,184	273,851
Capital lease payments transferred to capital lease obligations	764,604	-	764,604
Leased capital asset cost transferred to non-financial assets	3,251,489	-	3,251,489
Loan payments transferred to long-term debt	-	60,933	(60,933)
Adjustment due to change in accounting policy	-	2,482,000	(2,482,000)
	$ 597,756,999	**$ 544,410,697**	**$ 53,346,302**

GOVERNMENT OF YUKON

Schedule 6

Schedule of Expenditures by Department
for the year ended March 31, 2004

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Yukon Legislative Assembly						
Operations and maintenance						
Legislative services	$ 2,050,000	$ -	$ -	$ 2,050,000	$ 1,884,789	$ 165,211
Legislative Assembly Office	629,000	14,000	-	643,000	563,600	79,400
Retirement allowances and death benefits	714,000	-	-	714,000	971,297	(257,297)
Hansard	399,000	-	-	399,000	297,557	101,443
Conflicts Commission	40,000	-	-	40,000	39,524	476
	3,832,000	**14,000**	**-**	**3,846,000**	**3,756,767**	**89,233**
Capital						
Legislative Assembly Office	**40,000**	**-**	**-**	**40,000**	**39,832**	**168**

Schedule 6

GOVERNMENT OF YUKON

Schedule of Expenditures by Department
for the year ended March 31, 2004

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Elections Office						
Operations and maintenance						
Elections	$ 137,000	$ 2,000	$ -	$ 139,000	$ 124,164	$ 14,836
Capital						
Elections	3,000	-	-	3,000	2,946	54
Office of the Ombudsman						
Operations and maintenance						
Office of the Ombudsman	390,000	17,000	-	407,000	399,027	7,973
Capital						
Office of the Ombudsman	5,000	-	-	5,000	4,363	637

GOVERNMENT OF YUKON

Schedule 6

Schedule of Expenditures by Department
for the year ended March 31, 2004

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Executive Council Office						
Operations and maintenance						
Cabinet and management support	$ 779,000	$ 25,000	$ -	$ 804,000	$ 902,917	$ (98,917)
Land Claims and Implementation Secretariat	7,500,000	(1,052,000)	-	6,448,000	5,544,125	903,875
Devolution	168,000	764,000	-	932,000	912,724	19,276
Policy	468,000	14,000	-	482,000	459,364	22,636
Communications	348,000	9,000	-	357,000	465,786	(108,786)
Intergovernmental relations	1,085,000	35,000	-	1,120,000	796,589	323,411
First Nations relations	1,234,000	136,000	-	1,370,000	1,202,559	167,441
Government audit services	312,000	10,000	-	322,000	290,677	31,323
Bureau of Statistics	766,000	24,000	-	790,000	751,521	38,479
Office of the Commissioner	133,000	2,000	-	135,000	157,645	(22,645)
Development assessment process	313,000	1,505,000	-	1,818,000	1,012,582	805,418
Cabinet Offices	1,554,000	51,000	-	1,605,000	1,941,332	(336,332)
Youth Directorate	488,000	2,000	-	490,000	508,458	(18,458)
Water Board Secretariat	-	834,000	-	834,000	875,857	(41,857)
	15,148,000	**2,359,000**	**-**	**17,507,000**	**15,822,136**	**1,684,864**
Capital						
Cabinet and management support	35,000	48,000	-	83,000	81,499	1,501
Land Claims and Implementation Secretariat	1,102,000	1,697,000	-	2,799,000	2,176,810	622,190
First Nations relations	314,000	(14,000)	-	300,000	77,950	222,050
Development assessment process	-	84,000	-	84,000	67,689	16,311
	1,451,000	**1,815,000**	**-**	**3,266,000**	**2,403,948**	**862,052**

Schedule 6

GOVERNMENT OF YUKON

Schedule of Expenditures by Department
for the year ended March 31, 2004

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Community Services						
Operations and maintenance						
Corporate services	$ 1,206,000	$ 506,000	$ -	$ 1,712,000	$ 1,667,208	$ 44,792
Protective services	937,000	12,127,000	-	13,064,000	11,866,987	1,197,013
Community development	24,041,000	2,049,000	-	26,090,000	26,232,171	(142,171)
Service Yukon	2,845,000	77,000	-	2,922,000	2,886,833	35,167
Consumer and safety services	2,461,000	533,000	-	2,994,000	3,014,874	(20,874)
	31,490,000	**15,292,000**	-	**46,782,000**	**45,668,073**	**1,113,927**
Capital						
Corporate services	500,000	-	-	500,000	285,998	214,002
Protective services	1,465,000	2,797,000	-	4,262,000	3,413,454	848,546
Community development	14,670,000	10,430,000	-	25,100,000	19,848,702	5,251,298
Service Yukon	-	48,000	-	48,000	56	47,944
	16,635,000	**13,275,000**	-	**29,910,000**	23,548,210	**6,361,790**
Less: Land development costs transferred to land held for sale					3,886,141	
Local improvement costs transferred to loans receivable					785,035	
					18,877,034	

GOVERNMENT OF YUKON

Schedule 6

Schedule of Expenditures by Department
for the year ended March 31, 2004

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Economic Development						
Operations and maintenance						
Corporate services	$ -	$ 548,000	$ -	$ 548,000	$ 471,432	$ 76,568
Policy, planning and research	-	782,000	-	782,000	763,523	18,477
Investment, trade and business development	-	1,167,000	41,000	1,208,000	1,292,556	(84,556)
Regional economic development	-	110,000	-	110,000	11,254	98,746
Strategic industries development	-	295,000	(41,000)	254,000	90,093	163,907
	-	**2,902,000**	-	**2,902,000**	**2,628,858**	**273,142**
Capital						
Corporate services	-	1,855,000	-	1,855,000	1,307,730	547,270
Investment, trade and business development	-	1,824,000	-	1,824,000	714,185	1,109,815
Regional economic development	-	4,085,000	-	4,085,000	3,380,517	704,483
Strategic industries development	-	200,000	-	200,000	20,218	179,782
	-	**7,964,000**	-	**7,964,000**	**5,422,650**	**2,541,350**

Schedule 6

GOVERNMENT OF YUKON

Schedule of Expenditures by Department
for the year ended March 31, 2004

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Education						
Operations and maintenance						
Education support services	$ 11,410,000	$ 245,000	$ -	$ 11,655,000	$ 11,364,097	$ 290,903
Public schools	62,095,000	2,721,000	-	64,816,000	64,000,505	815,495
Advanced education	18,286,000	759,000	-	19,045,000	19,156,470	(111,470)
	91,791,000	**3,725,000**	**-**	**95,516,000**	**94,521,072**	**994,928**
Capital						
Education support services	509,000	12,000	-	521,000	511,432	9,568
Public schools	7,573,000	1,112,000	-	8,685,000	7,219,689	1,465,311
Advanced education	2,385,000	60,000	-	2,445,000	2,383,995	61,005
	10,467,000	**1,184,000**	**-**	**11,651,000**	**10,115,116**	**1,535,884**

GOVERNMENT OF YUKON

Schedule of Expenditures by Department
for the year ended March 31, 2004

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Energy, Mines and Resources						
Operations and maintenance						
Corporate services	$ 1,274,000	$ 2,215,000	$ 162,000	$ 3,651,000	$ 3,618,394	$ 32,606
Policy and planning	1,042,000	936,000	(89,000)	1,889,000	1,735,898	153,102
Sustainable resources	1,618,000	5,190,000	(193,000)	6,615,000	6,312,463	302,537
Oil and gas and mineral resources	2,621,000	9,972,000	295,000	12,888,000	11,517,140	1,370,860
Client services and inspections	-	4,241,000	(175,000)	4,066,000	3,939,428	126,572
	6,555,000	**22,554,000**	-	**29,109,000**	**27,123,323**	**1,985,677**
Capital						
Corporate services	90,000	160,000	10,000	260,000	262,629	(2,629)
Policy and planning	100,000	8,000	-	108,000	75,135	32,865
Sustainable resources	120,000	1,553,000	18,000	1,691,000	1,256,544	434,456
Oil and gas and mineral resources	3,020,000	413,000	(28,000)	3,405,000	3,177,801	227,199
	3,330,000	**2,134,000**	-	**5,464,000**	4,772,109	**691,891**
Less land development costs transferred to land held for sale					9,360	
					4,762,749	

Schedule 6

GOVERNMENT OF YUKON

Schedule of Expenditures by Department
for the year ended March 31, 2004

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Environment						
Operations and maintenance						
General management	$ 256,000	$ 6,000	$ 23,000	$ 285,000	$ 265,398	$ 19,602
Corporate services	3,974,000	183,000	(74,000)	4,083,000	3,876,492	206,508
Management of natural resources	6,891,000	194,000	184,000	7,269,000	7,356,447	(87,447)
Monitoring and compliance	4,128,000	2,280,000	(133,000)	6,275,000	6,025,337	249,663
	15,249,000	**2,663,000**	**-**	**17,912,000**	**17,523,674**	**388,326**
Capital						
Corporate services	662,000	2,243,000	38,000	2,943,000	1,210,680	1,732,320
Management of natural resources	782,000	4,000	(38,000)	748,000	666,407	81,593
Monitoring and compliance	5,000	-	-	5,000	-	5,000
	1,449,000	**2,247,000**	**-**	**3,696,000**	**1,877,087**	**1,818,913**

GOVERNMENT OF YUKON

Schedule 6

Schedule of Expenditures by Department
for the year ended March 31, 2004

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Finance						
Operations and maintenance						
Treasury	$ 4,547,000	$ (369,000)	$ -	$ 4,178,000	$ 4,148,034	$ 29,966
Workers' compensation supplementary benefits	382,000	93,000	-	475,000	452,425	22,575
Bad debts expense	74,000	326,000	-	400,000	399,925	75
	5,003,000	**50,000**	**-**	**5,053,000**	**5,000,384**	**52,616**
Capital						
Treasury	**266,000**	**510,000**	**-**	**776,000**	**523,401**	**252,599**

GOVERNMENT OF YUKON

Schedule of Expenditures by Department
for the year ended March 31, 2004

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Health and Social Services						
Operations and maintenance						
Policy, planning and administration	$ 3,814,000	$ 304,000	$ -	$ 4,118,000	$ 4,027,073	$ 90,927
Family and children's services	26,626,000	2,605,000	-	29,231,000	30,663,516	(1,432,516)
Social services	33,866,000	1,225,000	-	35,091,000	32,679,091	2,411,909
Health services	73,975,000	7,309,000	-	81,284,000	82,604,892	(1,320,892)
Regional services	3,709,000	265,000	-	3,974,000	4,139,206	(165,206)
	141,990,000	**11,708,000**	**-**	**153,698,000**	**154,113,778**	**(415,778)**
Capital						
Policy, planning and administration	90,000	-	-	90,000	92,782	(2,782)
Family and children's services	200,000	604,000	-	804,000	241,757	562,243
Social services	215,000	509,000	-	724,000	636,000	88,000
Health services	767,000	1,237,000	-	2,004,000	1,121,038	882,962
Regional services	-	-	-	-	5,828	(5,828)
	1,272,000	**2,350,000**	**-**	**3,622,000**	**2,097,405**	**1,524,595**

GOVERNMENT OF YUKON

Schedule 6

Schedule of Expenditures by Department
for the year ended March 31, 2004

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Highways and Public Works						
Operations and maintenance						
Corporate services	$ 3,391,000	$ 367,000	$ (20,000)	$ 3,738,000	$ 3,632,323	$ 105,677
Information and communications technology	6,240,000	561,000	-	6,801,000	6,653,211	147,789
Transportation	39,140,000	1,537,000	-	40,677,000	40,328,096	348,904
Supply services	2,423,000	630,000	-	3,053,000	3,048,643	4,357
Property management	12,941,000	2,627,000	-	15,568,000	15,786,435	(218,435)
French language services	1,537,000	(10,000)	20,000	1,547,000	1,550,746	(3,746)
Central Stores write-off	-	-	-	-	4,127	(4,127)
	65,672,000	5,712,000	-	71,384,000	71,003,581	380,419
Less capital lease payments transferred to capital lease obligations					764,604	(764,604)
					70,238,977	
Amortization expense	-	-	-	-	959,919	(959,919)
	65,672,000	**5,712,000**	-	**71,384,000**	**71,198,896**	**185,104**

GOVERNMENT OF YUKON

Schedule 6

Schedule of Expenditures by Department
for the year ended March 31, 2004

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Highways and Public Works						
Capital						
Corporate services	$ 860,000	$ (700,000)	$ -	$ 160,000	$ 159,634	$ 366
Information and communications technology	3,587,000	774,000	-	4,361,000	3,993,741	367,259
Transportation	35,553,000	2,446,000	-	37,999,000	33,452,128	4,546,872
Supply services	200,000	-	-	200,000	50,866	149,134
Property management	4,511,000	3,583,000	-	8,094,000	6,977,997	1,116,003
French language services	6,000	152,000	-	158,000	160,424	(2,424)
	44,717,000	**6,255,000**	-	**50,972,000**	44,794,790	**6,177,210**
Less leased capital asset cost transferred to non-financial assets					3,251,489	
					41,543,301	

Schedule of Expenditures by Department
for the year ended March 31, 2004

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Justice						
Operations and maintenance						
Management services	$ 2,346,000	$ 51,000	$ -	$ 2,397,000	$ 2,180,149	$ 216,851
Court services	4,534,000	70,000	-	4,604,000	4,667,768	(63,768)
Legal services	3,854,000	661,000	-	4,515,000	3,966,505	548,495
Regulatory services	667,000	13,000	-	680,000	660,376	19,624
Community and correctional services	8,556,000	214,000	-	8,770,000	8,814,036	(44,036)
Community justice and public safety	13,721,000	510,000	-	14,231,000	14,028,107	202,893
Human rights	411,000	-	-	411,000	383,090	27,910
	34,089,000	**1,519,000**	-	**35,608,000**	**34,700,031**	**907,969**
Capital						
Management services	215,000	25,000	-	240,000	190,626	49,374
Community and correctional services	103,000	663,000	-	766,000	164,103	601,897
	318,000	**688,000**	-	**1,006,000**	**354,729**	**651,271**

GOVERNMENT OF YUKON

Schedule 6

Schedule of Expenditures by Department
for the year ended March 31, 2004

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Public Service Commission						
Operations and maintenance						
Finance and administration	$ 490,000	$ 10,000	$ -	$ 500,000	$ 511,082	$ (11,082)
Corporate human resource services	1,299,000	133,000	-	1,432,000	1,355,363	76,637
Employee compensation	1,141,000	161,000	-	1,302,000	1,406,732	(104,732)
Staff relations	874,000	146,000	-	1,020,000	1,109,589	(89,589)
Workers' compensation fund	2,660,000	240,000	-	2,900,000	3,017,782	(117,782)
Human resource management systems	448,000	11,000	-	459,000	374,788	84,212
Policy and planning	415,000	45,000	-	460,000	508,955	(48,955)
Employee leave and termination benefits adjustment	2,891,000	3,593,000	-	6,484,000	6,650,117	(166,117)
Staff development	2,143,000	254,000	-	2,397,000	2,422,571	(25,571)
	12,361,000	**4,593,000**	-	**16,954,000**	**17,356,979**	**(402,979)**
Capital						
Finance and administration	40,000	-	-	40,000	38,062	1,938
Staff development	16,000	-	-	16,000	18,013	(2,013)
	56,000	-	-	**56,000**	**56,075**	**(75)**

GOVERNMENT OF YUKON

Schedule 6

Schedule of Expenditures by Department
for the year ended March 31, 2004

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Tourism and Culture						
Operations and maintenance						
Corporate services	$ 2,102,000	$ (86,000)	$ 73,000	$ 2,089,000	$ 2,092,926	$ (3,926)
Cultural services	3,914,000	114,000	(6,000)	4,022,000	3,986,985	35,015
Industry development and research	1,559,000	(1,559,000)	-	-	-	-
Marketing	6,793,000	398,000	(67,000)	7,124,000	7,032,080	91,920
	14,368,000	**(1,133,000)**	**-**	**13,235,000**	**13,111,991**	**123,009**
Capital						
Corporate services	56,000	-	45,000	101,000	92,834	8,166
Cultural services	2,594,000	1,249,000	(45,000)	3,798,000	3,247,747	550,253
Industry development and research	740,000	(740,000)	-	-	-	-
Marketing	85,000	216,000	-	301,000	281,142	19,858
	3,475,000	**725,000**	**-**	**4,200,000**	**3,621,723**	**578,277**

Schedule 6

GOVERNMENT OF YUKON

Schedule of Expenditures by Department
for the year ended March 31, 2004

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Women's Directorate						
Operations and maintenance Policy and program development	$ 539,000	$ 11,000	$ -	$ 550,000	$ 530,290	$ 19,710
Capital Policy and program development	-	104,000	-	104,000	10,319	93,681
Yukon Housing Corporation (Transfer Payment)						
Operations and maintenance Expenditures	2,236,000	(206,000)	-	2,030,000	634,266	1,395,734
Capital Expenditures	1,789,000	-	-	1,789,000	1,466,862	322,138
Interest on Loans						
Operations and maintenance Interest	364,000	-	-	364,000	363,750	250

GOVERNMENT OF YUKON

Schedule 6

Schedule of Expenditures by Department
for the year ended March 31, 2004

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Totals						
Operations and maintenance	$ 441,214,000	$ 71,782,000	$ -	$ 512,996,000	$ 505,342,063	$ 7,653,937
Capital	85,273,000	39,251,000	-	124,524,000	101,111,565	23,412,435
	$ 526,487,000	**$ 111,033,000**	**$ -**	**$ 637,520,000**	606,453,628	**$ 31,066,372**
Less: Land development costs transferred to land held for sale					3,895,501	
Local improvement costs transferred to loans receivable					785,035	
Capital lease payments transferred to capital lease obligations					764,604	
Leased capital asset cost transferred to non-financial assets					3,251,489	
					$ 597,756,999	

GOVERNMENT OF YUKON

Schedule 7

Schedule of Recoveries of Prior Years' Expenditures
for the year ended March 31, 2004

Department	Over Accruals	Other Recoveries	Total
Justice	$ 483,942	$ 19,186	$ 503,128
Health and Social Services	67,312	173,833	241,145
Economic Development	-	69,667	69,667
Public Service Commission	37,224	-	37,224
Education	19,123	-	19,123
Community Services	16,272	-	16,272
Highways and Public Works	9,612	-	9,612
Finance	-	6,570	6,570
Executive Council Office	617	-	617
Environment	529	-	529
Tourism and Culture	289	-	289
Legislative Assembly	11	-	11
	$ 634,931	**$ 269,256**	**$ 904,187**

Schedule 8

GOVERNMENT OF YUKON

Schedule of Grants
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Revised Appropriation	Actual Expenditures	Under (Over) Appropriation
Community Services					
Operations and maintenance					
In lieu of property taxes	$ 4,030,000	$ 110,000	$ 4,140,000	$ 4,151,120	$ (11,120)
Community/local advisory council operation and maintenance grants	70,000	-	70,000	61,430	8,570
Home owner grants	2,530,000	70,000	2,600,000	2,664,860	(64,860)
Comprehensive municipal grants	11,817,000	-	11,817,000	11,816,871	129
	18,447,000	**180,000**	**18,627,000**	**18,694,281**	**(67,281)**
Education					
Operations and maintenance					
Teacher training (French bursaries)	10,000	-	10,000	10,000	-
Post secondary student grants	3,560,000	190,000	3,750,000	3,933,095	(183,095)
Post secondary student scholarships	49,000	-	49,000	49,000	-
	3,619,000	**190,000**	**3,809,000**	**3,992,095**	**(183,095)**

GOVERNMENT OF YUKON

Schedule 8

Schedule of Grants
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Revised Appropriation	Actual Expenditures	Under (Over) Appropriation
Environment					
Operations and maintenance					
Wildlife Health Fund	$ 1,000	$ -	$ 1,000	$ -	$ 1,000
Canadian Cooperative Wildlife Health Centre	4,000	3,000	7,000	7,879	(879)
Fur Institute of Canada	6,000	-	6,000	6,000	-
	11,000	**3,000**	**14,000**	**13,879**	**121**

GOVERNMENT OF YUKON

Schedule 8

Schedule of Grants
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Revised Appropriation	Actual Expenditures	Under (Over) Appropriation
Health and Social Services					
Operations and maintenance					
Adoption subsidies	$ 87,000	$ -	$ 87,000	$ 75,137	$ 11,863
Child care operating grants	1,578,000	675,000	2,253,000	2,188,855	64,145
Child care subsidies	3,299,000	(445,000)	2,854,000	2,959,067	(105,067)
Federal child benefit - Whitehorse	180,000	-	180,000	238,239	(58,239)
Youth allowance	2,000	-	2,000	610	1,390
Alcohol and drug - education and prevention	10,000	-	10,000	7,000	3,000
Employment incentive grants	370,000	(100,000)	270,000	179,393	90,607
Social assistance - Whitehorse	7,532,000	1,170,000	8,702,000	8,548,332	153,668
Yukon seniors' income supplement	221,000	7,000	228,000	183,429	44,571
Pioneer utility grant	687,000	47,000	734,000	739,500	(5,500)
Rehabilitation subsidies	30,000	(5,000)	25,000	7,295	17,705
In lieu of property taxes - continuing care	250,000	(53,000)	197,000	196,703	297
Medical travel subsidies	160,000	5,000	165,000	149,546	15,454
In lieu of property taxes - community nursing	64,000	-	64,000	57,751	6,249
Federal child benefit - region	43,000	-	43,000	69,470	(26,470)
Social assistance - region	790,000	270,000	1,060,000	1,017,256	42,744
	15,303,000	**1,571,000**	**16,874,000**	**16,617,583**	**256,417**
Justice					
Operations and maintenance					
Institutional facilities inmate allowance	50,000	-	50,000	41,782	8,218
Human Rights Commission	371,000	-	371,000	371,000	-
	421,000	**-**	**421,000**	**412,782**	**8,218**

GOVERNMENT OF YUKON

Schedule 8

Schedule of Grants
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Revised Appropriation	Actual Expenditures	Under (Over) Appropriation
Tourism and Culture					
Operations and maintenance					
Yukon Arts Centre Corporation	$ 499,000	$ -	$ 499,000	$ 499,300	$ (300)
Women's Directorate					
Operations and maintenance					
Community workshops on family violence	5,000	-	5,000	5,000	-
Totals					
Operations and maintenance	$ 38,305,000	$ 1,944,000	$ 40,249,000	$ 40,234,920	$ 14,080

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Executive Council Office						
Operations and maintenance						
Land claims implementation initiatives	$ 3,395,000	$ (741,000)	$ -	$ 2,654,000	$ 2,691,869	$ (37,869)
Community language initiatives	690,000	220,000	-	910,000	786,415	123,585
Potlatch Society	10,000	10,000	-	20,000	20,000	-
Commissioner's entertainment allowance	5,000	-	-	5,000	4,600	400
Youth strategy initiatives	368,000	14,000	-	382,000	410,147	(28,147)
Kaska Tribal Council	-	131,000	-	131,000	131,000	-
Klondike Visitors Association	-	-	-	-	5,500	(5,500)
Royal Canadian Legion	-	-	-	-	115	(115)
Ross River Dene Council	-	-	-	-	6,000	(6,000)
	4,468,000	**(366,000)**	-	**4,102,000**	**4,055,646**	**46,354**
Capital						
Kwanlin Dun Heritage Cultural Centre	320,000	462,000	-	782,000	400,000	382,000
First Nations economic accords/agreements	300,000	-	-	300,000	75,000	225,000
Kwanlin Dun waterfront land purchase	-	1,235,000	-	1,235,000	1,235,148	(148)
Land claims implementation initiatives	-	-	-	-	11,400	(11,400)
	620,000	**1,697,000**	-	**2,317,000**	**1,721,548**	**595,452**

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Community Services						
Operations and maintenance						
Canada Winter Games 2007	$ 400,000	$ 1,600,000	$ -	$ 2,000,000	$ 2,000,000	$ -
Community recreation/active living	563,000	-	-	563,000	549,438	13,562
Sport	1,120,000	100,000	-	1,220,000	1,199,822	20,178
Association of Yukon Communities	100,000	-	-	100,000	100,000	-
Volunteer bureau	70,000	-	-	70,000	70,000	-
Community library boards	322,000	-	-	322,000	287,527	34,473
Mae Bachur animal shelter	-	75,000	-	75,000	75,000	-
World international dog sled championship	-	30,000	-	30,000	30,000	-
Tagish Advisory Committee	-	-	-	-	2,500	(2,500)
	2,575,000	**1,805,000**	-	**4,380,000**	**4,314,287**	**65,713**

Schedule of Contributions
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Community Services						
Capital						
FireSmart	$ 900,000	$ 850,000	$ -	$ 1,750,000	$ 1,722,033	$ 27,967
City of Whitehorse recreation facilities	1,000,000	-	-	1,000,000	1,000,000	-
Recreation/community centres - various	60,000	-	-	60,000	18,655	41,345
Skating arena improvement - Pelly Crossing	340,000	-	-	340,000	340,000	-
Community development fund	900,000	(900,000)	-	-		-
Reserve fund for Dawson City projects	2,000,000	-	-	2,000,000	399,474	1,600,526
Sewage treatment and disposal:						
- Carmacks sewage treatment	800,000	-	-	800,000	-	800,000
Emergency response vehicle - Watson Lake	-	95,000	-	95,000	95,000	-
Carmacks Recreation Centre	-	27,000	-	27,000	48,908	(21,908)
Canada Winter Games infrastructure	-	8,000,000	-	8,000,000	8,000,000	-
Canada Winter Games - host society	-	2,000,000	-	2,000,000	2,000,000	-
Canada/Yukon infrastructure program	-	138,000	-	138,000	106,468	31,532
Old Crow road	-	200,000	-	200,000	200,000	-
Decade of sport and culture	-	120,000	-	120,000	260,000	(140,000)
Riverbank stabilization - Old Crow	-	-	-	-	500,000	(500,000)
	6,000,000	**10,530,000**	**-**	**16,530,000**	**14,690,538**	**1,839,462**

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Economic Development						
Operations and maintenance						
Technology Innovation Centre	$ -	$ 75,000	$ -	$ 75,000	$ 75,000	$ -
Yukon Chamber of Commerce						
- operation support	-	36,000	-	36,000	36,000	-
- Alaska trade show	-	8,000	(8,000)	-	-	-
- Canada-Yukon Business Service Centre	-	45,000	-	45,000	45,000	-
- Canada gala 2004	-	-	29,000	29,000	29,000	-
Yukon Federation of Labour	-	36,000	-	36,000	46,000	(10,000)
Yukon Building and Construction Trades Council	-	15,000	-	15,000	15,000	-
Canadian Information Processing Society	-	15,000	-	15,000	-	15,000
Business Development Bank of Canada	-	5,000	-	5,000	5,000	-
Whitehorse Chamber of Commerce	-	15,000	-	15,000	-	15,000
Yukon Chamber of Mines - resource exposition	-	-	2,000	2,000	2,000	-
Grey Mountain Housing Society	-	-	20,000	20,000	5,000	15,000
Meet the North conference	-	-	11,000	11,000	10,514	486
Carcross Tagish First Nation - economic summit	-	-	3,000	3,000	2,500	500
Friends of the Yukon Archives Society (database)	-	-	8,000	8,000	8,475	(475)
Yukon Entrepreneurship Centre Society (forums)	-	-	43,000	43,000	43,000	-
Yukon Apparel - 2003 Yukon designers' fashion show	-	-	1,000	1,000	963	37
Recording Arts Industry Yukon Association	-	-	17,000	17,000	25,080	(8,080)
	-	250,000	126,000	376,000	348,532	27,468

GOVERNMENT OF YUKON

Schedule of Contributions
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Economic Development						
Capital						
Micro loan program	$ -	$ 65,000	$ -	$ 65,000	$ 65,000	$ -
Technology Innovation Centre	-	376,000	-	376,000	160,649	215,351
Technology partnerships	-	100,000	-	100,000	94,241	5,759
Film incentive program	-	1,000,000	-	1,000,000	302,283	697,717
Community access program	-	208,000	-	208,000	20,592	187,408
Community development fund	-	3,671,000	-	3,671,000	3,092,752	578,248
Council of Yukon First Nations - forestry workshop	-	-	20,000	20,000	20,000	-
City of Whitehorse - waterfront property	-	-	6,000	6,000	-	6,000
Film industry guide	-	-	-	-	5,000	(5,000)
	-	**5,420,000**	**26,000**	**5,446,000**	**3,760,517**	**1,685,483**

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Education						
Operations and maintenance						
Education related organizations	$ 9,000	$ 3,000	$ 15,000	$ 27,000	$ 36,701	$ (9,701)
Student transportation	101,000	-	15,000	116,000	113,768	2,232
Special payments for education-related events/student activities	35,000	63,000	25,000	123,000	140,383	(17,383)
Student accommodation (boarding subsidy)	115,000	-	-	115,000	113,210	1,790
Yukon Teachers' Association						
- president's salary	92,000	(60,000)	-	32,000	31,678	322
- professional development fund	362,000	-	-	362,000	362,000	-
- teacher mentoring fund	50,000	-	-	50,000	50,000	-
Remuneration school councils/committees	98,000	50,000	-	148,000	147,125	875
Native language program	352,000	-	-	352,000	352,000	-
Arts contributions	19,000	-	-	19,000	19,000	-
Yukon Francophone School Board						
- operations	64,000	10,000	-	74,000	74,000	-
- special initiatives	114,000	-	-	114,000	114,000	-
Association franco-yukonnaise						
- special initiatives	110,000	-	-	110,000	110,000	-
- community project	-	58,000	-	58,000	58,000	-
Interchange on Canadian studies	9,000	-	-	9,000	9,000	-
First Nations elder pilot project	30,000	(15,000)	5,000	20,000	20,540	(540)
Western Canada Protocol First Nation language pilot project	12,000	15,000	-	27,000	16,320	10,680
French cultural activities	15,000	-	2,000	17,000	16,731	269
Innovators in school program	20,000	-	-	20,000	20,000	-
Filling in the cracks	15,000	-	(15,000)	-	-	-
Yukon College	11,089,000	402,000	-	11,491,000	11,490,854	146

Schedule of Contributions
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Education						
Operations and maintenance (continued)						
Yukon College						
- international programs (English as a second language)	$ 25,000	$ -	$ -	$ 25,000	$ 25,000	$ -
- college board	20,000	-	-	20,000	20,000	-
- seat purchases	580,000	-	-	580,000	532,246	47,754
- bachelor of social work	320,000	-	-	320,000	320,000	-
- Yukon native teacher education program	520,000	-	-	520,000	520,000	-
- fetal alcohol syndrome disorder	-	129,000	-	129,000	129,002	(2)
Student training and employment program	189,000	-	-	189,000	185,432	3,568
Apprenticeship initiatives	31,000	5,000	-	36,000	36,254	(254)
Canada/Yukon summer program	114,000	(5,000)	(10,000)	99,000	97,164	1,836
Yukon Learn	150,000	-	-	150,000	150,000	-
Labour market initiatives	4,000	-	-	4,000	3,022	978
Curriculum support initiatives	-	78,000	5,000	83,000	82,222	778
Association of Yukon School Councils, boards and committees	-	60,000	-	60,000	39,770	20,230
Tr'ondek Hwech'in First Nation	-	25,000	-	25,000	25,000	-
Stay in school initiatives	-	10,000	15,000	25,000	25,000	-
Community/school needs assessment	-	-	4,000	4,000	24,000	(20,000)
	14,664,000	**828,000**	**61,000**	**15,553,000**	**15,509,422**	**43,578**

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Education						
Capital						
Yukon College	$ 750,000	$ -	$ -	$ 750,000	$ 750,000	$ -
Community training fund	1,500,000	20,000	(50,000)	1,470,000	1,425,748	44,252
Canada-Yukon youth internship program	75,000	-	-	75,000	75,000	-
Yukon work information network	35,000	-	-	35,000	35,000	-
Eliza van Bibber School Council - school opening	-	-	2,000	2,000	1,926	74
Selkirk First Nation - grounds maintenance	-	-	15,000	15,000	15,000	-
	2,360,000	**20,000**	**(33,000)**	**2,347,000**	**2,302,674**	**44,326**

Schedule 9

GOVERNMENT OF YUKON

Schedule of Contributions
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Energy, Mines and Resources						
Operations and maintenance						
Utilities consumers group	$ 2,000	$ 1,000	$ -	$ 3,000	$ 3,000	$ -
Yukon Agriculture Association						
- operating	15,000	-	-	15,000	15,000	-
- food safety transportation	-	6,000	-	6,000	6,069	(69)
- transition funding from Federal Government	-	190,000	-	190,000	-	190,000
Klondike Placer Miners' Association						
- operating	15,000	-	-	15,000	15,000	-
- Yukon placer authorization	-	20,000	-	20,000	10,000	10,000
Yukon Chamber of Mines	45,000	-	-	45,000	45,000	-
Yukon Placer Committee	57,000	-	-	57,000	40,489	16,511
Yukon Forest Industry Association	-	25,000	(5,000)	20,000	-	20,000
Canadian Forest Services, Natural Resources Canada	-	15,000	-	15,000	15,000	-
Kaska Tribal Council						
- forestry economic benefits	-	300,000	-	300,000	270,000	30,000
- resource management	-	150,000	-	150,000	-	150,000
- economic table	-	150,000	-	150,000	150,000	-
Kaska Forest Resources Stewardship Council	-	300,000	25,000	325,000	325,000	-
Han Construction (Tr'ondek Hwech'in First Nation)	-	575,000	-	575,000	538,351	36,649
Nacho Nyak Dun First Nation	-	2,200,000	-	2,200,000	1,886,268	313,732
MOU re. oil and gas - various First Nations	-	10,000	-	10,000	9,000	1,000
Mining environment research group - projects	-	25,000	-	25,000	-	25,000
Various universities - geological surveys	-	110,000	5,000	115,000	137,580	(22,580)
Bob Cameron Fokker tour	-	3,000	-	3,000	2,500	500
Game Growers Association	-	8,000	-	8,000	7,940	60
Forest sector training trust fund	-	-	1,000,000	1,000,000	1,000,000	-
Yukon Chamber of Mines - mining training fund	-	-	520,000	520,000	-	520,000

GOVERNMENT OF YUKON

Schedule of Contributions
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Energy, Mines and Resources						
Operations and maintenance (continued)						
Forest Engineering and Research Institute of Canada	$ -	$ -	$ -	$ -	$ 13,477	$ (13,477)
Council of Yukon First Nations	-	-	-	-	40,000	(40,000)
	134,000	4,088,000	1,545,000	5,767,000	4,529,674	1,237,326
Capital						
Yukon mining incentives program	728,000	(5,000)	(78,000)	645,000	645,002	(2)
Mining environment research group	25,000	-	(25,000)	-	-	-
Alaska Highway pipeline analysis						
- Kaska Tribal Council	-	200,000	-	200,000	200,000	-
- Akita Drilling Ltd.	-	22,000	-	22,000	22,500	(500)
- Midnight Sun Drilling Ltd.	-	13,000	-	13,000	12,500	500
Aboriginal pipeline group - Kwanlin Dun First Nation	-	120,000	-	120,000	95,000	25,000
Resource assessments - oil and gas	-	85,000	-	85,000	85,000	-
Resource assessments - minerals	-	230,000	-	230,000	230,000	-
Forest renewal						
- Champagne and Aishihik First Nations	-	70,000	-	70,000	63,000	7,000
- Town of Watson Lake	-	48,000	-	48,000	48,000	-
Canmet Energy Technology Centre, Natural Resources Canada	-	-	-	-	34,935	(34,935)
	753,000	783,000	(103,000)	1,433,000	1,435,937	(2,937)

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Environment						
Operations and maintenance						
Environmental public awareness	$ 30,000	$ -	$ -	$ 30,000	$ 29,974	$ 26
Yukon Conservation Society	35,000	-	-	35,000	35,000	-
Wildlife Management Advisory Council	165,000	-	-	165,000	168,500	(3,500)
Porcupine Caribou Management Board	48,000	-	-	48,000	48,000	-
Yukon College	45,000	-	-	45,000	45,000	-
Yukon Trappers Association	68,000	-	-	68,000	68,000	-
Arctic Borderland Ecological Knowledge Society	5,000	-	-	5,000	5,000	-
Whitehorse Fish Hatchery	75,000	-	-	75,000	85,000	(10,000)
Yukon Fish and Game Association	25,000	-	-	25,000	30,000	(5,000)
Southern Lakes Caribou Steering Committee	14,000	-	-	14,000	9,000	5,000
Canadian Wildlife Directors Secretariat	4,000	-	-	4,000	4,000	-
Global warming/climate change	75,000	-	-	75,000	78,000	(3,000)
Waste reduction initiatives	80,000	-	-	80,000	29,203	50,797
Canadian Council for Ministers on Environment	-	-	-	-	1,144	(1,144)
Canadian Wildlife Federation	-	-	-	-	1,000	(1,000)
Carcross Tagish First Nation	-	-	-	-	7,000	(7,000)
Endititat Renewable Resources Council	-	-	-	-	3,000	(3,000)
North Yukon Renewable Resources	-	-	-	-	1,500	(1,500)
U.S. Fish and Game - porcupine caribou herd	-	-	-	-	6,570	(6,570)
Ta'an Kwachan First Nation	-	-	-	-	3,000	(3,000)
University of Saskatchewan	-	-	-	-	1,000	(1,000)
University of Scheffield - sheep research	-	-	-	-	6,236	(6,236)
Yukon Fish and Wildlife Management Board	-	-	-	-	10,000	(10,000)
Miscellaneous	-	-	-	-	515	(515)
	669,000	-	-	**669,000**	**675,642**	**(6,642)**

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Environment						
Capital						
Yukon Energy Corporation - spawntake project	$ -	$ -	$ -	$ -	$ 10,000	$ (10,000)
Yukon Energy Corporation - hatchery capital	-	-	-	-	10,000	(10,000)
Canadian Council on Ecological Areas	-	-	-	-	10,000	(10,000)
Royal British Columbia Museum - natureserve	-	-	-	-	6,000	(6,000)
	-	**-**	**-**	**-**	**36,000**	**(36,000)**
Finance						
Operations and maintenance						
Public utilities income tax transfer	213,000	-	-	213,000	212,700	300
Workers' compensation supplementary benefits	382,000	93,000	-	475,000	452,425	22,575
	595,000	**93,000**	**-**	**688,000**	**665,125**	**22,875**

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Health and Social Services						
Operations and maintenance						
Yukon Health and Social Services Council	$ 40,000	$ -	$ -	$ 40,000	$ 31,346	$ 8,654
United Way	10,000	-	-	10,000	10,000	-
Kids' recreation fund	60,000	-	-	60,000	60,000	-
Food for learning	30,000	-	-	30,000	30,000	-
Kwanlin Dun First Nation child welfare	64,000	-	-	64,000	67,860	(3,860)
Community development projects	10,000	-	-	10,000	3,384	6,616
Foster Parent Association	10,000	-	-	10,000	10,000	-
Whitehorse Transit - Handi Bus	184,000	-	-	184,000	183,806	194
Yukon Medical Association						
- medical practice insurance	262,000	-	-	262,000	216,053	45,947
- education	200,000	-	-	200,000	200,000	-
- physician recruitment/retention initiatives	127,000	-	-	127,000	127,500	(500)
- medical student bursary	10,000	-	-	10,000	-	10,000
- rural incentive	5,000	-	-	5,000	-	5,000
Yukon hospital insurance services	7,950,000	900,000	-	8,850,000	10,120,581	(1,270,581)
Yukon Hospital Corporation	20,643,000	2,050,000	-	22,693,000	22,988,448	(295,448)
Health investment fund	77,000	-	-	77,000	77,000	-
Yukon Registered Nurses Association						
- nursing education fund	50,000	-	-	50,000	50,000	-
- nursing advisory committee	10,000	-	-	10,000	4,831	5,169
- nurses post basic specialty education fund	75,000	-	-	75,000	75,000	-
Liard family support	43,000	-	-	43,000	43,000	-
Ross River Dena family support	44,000	-	-	44,000	43,000	1,000
Primary health care transition fund						
- Child Development Centre	-	70,000	-	70,000	70,000	-
- FAS Society of the Yukon	-	70,000	-	70,000	70,000	-
- Whitehorse General Hospital ambulatory care reportir	-	-	-	-	35,000	(35,000)
- Miscellaneous	-	-	-	-	15,000	(15,000)
Health promotion - Liard Basin task force	-	70,000	-	70,000	70,000	-

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Health and Social Services						
Operations and maintenance (continued)						
Recreation and Parks Association	$ -	$ 10,000	$ -	$ 10,000	$ 10,000	$ -
Kwanlin Dun First Nation	-	18,000	-	18,000	18,630	(630)
Options for Independence	-	-	-	-	20,000	(20,000)
Salvation Army shelter	-	-	-	-	68,000	(68,000)
Government of NWT - youth smoking survey	-	-	-	-	10,000	(10,000)
Province of Alberta - western health care information collaborative	-	-	-	-	12,785	(12,785)
Council of Yukon First Nations	-	-	-	-	10,000	(10,000)
University of British Columbia palliative care line	-	-	-	-	5,000	(5,000)
Premiers Council on Canadian Health Awareness	-	-	-	-	6,000	(6,000)
Province of Manitoba Canada Northwest FASD partnership	-	-	-	-	6,500	(6,500)
Miscellaneous	-	-	-	-	5,790	(5,790)
	29,904,000	**3,188,000**	**-**	**33,092,000**	**34,774,514**	**(1,682,514)**
Capital						
Child care services development	40,000	62,000	-	102,000	86,739	15,261
Women's shelters - renovations and equipment	15,000	-	-	15,000	2,692	12,308
Yukon Hospital Corporation - equipment	300,000	-	-	300,000	300,000	-
Victoria Faulkner Women's Centre	-	-	-	-	21,300	(21,300)
	355,000	**62,000**	**-**	**417,000**	**410,731**	**6,269**

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Highways & Public Works						
Operations and maintenance						
Kwanlin Dun First Nation	$ 5,000	$ -	$ -	$ 5,000	$ 5,000	$ -
Miles Canyon Historical Railway Society	82,000	(12,000)	-	70,000	57,383	12,617
Association franco-yukonnaise	160,000	(8,000)	7,000	159,000	157,300	1,700
Yukon Hospital Corporation	25,000	5,000	-	30,000	30,000	-
Francophone School Board	-	-	2,000	2,000	2,000	-
	272,000	**(15,000)**	**9,000**	**266,000**	**251,683**	**14,317**
Capital						
Connect Yukon	1,700,000	-	-	1,700,000	1,700,000	-
Association franco-yukonnaise	-	154,000	-	154,000	153,400	600
CRTC - Carmacks shed replacement	-	-	-	-	5,000	(5,000)
Geomatics - Natural Resources Canada	-	-	-	-	10,000	(10,000)
Kluane First Nation - Shakwak	-	-	-	-	10,000	(10,000)
Rural road upgrade	-	-	-	-	4,482	(4,482)
	1,700,000	**154,000**	**-**	**1,854,000**	**1,882,882**	**(28,882)**

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Justice						
Operations and maintenance						
Yukon Legal Services Society (legal aid)	$ 1,256,000	$ 276,000	$ -	$ 1,532,000	$ 1,384,022	$ 147,978
Aboriginal courtworker program	309,000	12,000	-	321,000	298,201	22,799
Yukon Public Legal Education Association	85,000	-	-	85,000	85,000	-
Yukon Utilities Board	180,000	-	-	180,000	-	180,000
Teslin Tlingit Council	200,000	-	-	200,000	200,000	-
Community residential centre (Salvation Army)	316,000	-	-	316,000	440,347	(124,347)
Youth leadership program	168,000	-	-	168,000	161,670	6,330
Community justice projects	293,000	-	-	293,000	302,737	(9,737)
Crime prevention and victim services trust fund	-	150,000	-	150,000	150,000	-
	2,807,000	**438,000**	**-**	**3,245,000**	**3,021,977**	**223,023**
Tourism and Culture						
Operations and maintenance						
Yukon Science Institute	16,000	-	-	16,000	16,500	(500)
Innovators in the school	7,000	-	-	7,000	6,500	500
Museums						
- general operation, maintenance and training support	178,000	-	-	178,000	181,950	(3,950)
Yukon Recreation Advisory Committee arts group	505,000	-	-	505,000	493,659	11,341
Artist in school	25,000	-	-	25,000	25,000	-
Dawson City Arts Society	250,000	30,000	-	280,000	280,000	-
Friends of Yukon Archives Society	9,000	-	-	9,000	9,000	-
Stay another day - arts themed events	200,000	-	-	200,000	132,857	67,143
Stay another day - marketing	-	15,000	-	15,000	42,000	(27,000)

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Tourism and Culture						
Operations and maintenance (continued)						
Yukon Chamber of Commerce						
- operation support	$ 36,000	$ (36,000)	$ -	$ -	$ -	$ -
- Alaska trade show	8,000	(8,000)	-	-	-	-
- Canada-Yukon Business Service Centre	45,000	(45,000)	-	-	-	-
Yukon Federation of Labour	36,000	(36,000)	-	-	-	-
Yukon Building and Construction Trades Council	15,000	(15,000)	-	-	-	-
Canadian Information Processing Society	15,000	(15,000)	-	-	-	-
Technology Innovation Centre	75,000	(75,000)	-	-	-	-
Business Development Bank of Canada	5,000	(5,000)	-	-	-	-
Yukon Convention Bureau Society	200,000	-	-	200,000	200,000	-
Alaska Travel Industry Association	267,000	(13,000)	-	254,000	240,795	13,205
Wilderness Tourism Association of the Yukon	264,000	-	-	264,000	264,000	-
Tourism North	157,000	-	-	157,000	140,840	16,160
Yukon Quest	150,000	-	-	150,000	150,000	-
Sourdough Rendezvous	15,000	35,000	-	50,000	15,000	35,000
Tourism Industry Association of Yukon	285,000	-	-	285,000	239,000	46,000
First Nation Tourism Association	60,000	-	-	60,000	60,000	-
Yukon tourism marketing partnership	100,000	-	-	100,000	100,000	-
Midnight Sun Pipe Band	-	42,000	-	42,000	42,125	(125)
Yukon Council on Disability	-	-	-	-	2,000	(2,000)
Carcross Tagish First Nation	-	-	-	-	2,500	(2,500)
	2,923,000	**(126,000)**	**-**	**2,797,000**	**2,643,726**	**153,274**

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Tourism and Culture						
Capital						
Museums assistance	$ 435,000	$ -	$ -	$ 435,000	$ 448,572	$ (13,572)
Exhibits assistance	100,000	-	-	100,000	100,000	-
Conservation and security	10,000	-	-	10,000	-	10,000
Historic sites maintenance	50,000	-	-	50,000	49,975	25
Fort Selkirk	120,000	-	-	120,000	124,845	(4,845)
Heritage trails - Kluane First Nation	25,000	25,000	-	50,000	36,280	13,720
Visual arts acquisition	10,000	-	-	10,000	6,000	4,000
Arts fund	500,000	75,000	-	575,000	476,136	98,864
Micro loan program	65,000	(65,000)	-	-	-	-
Film incentive program	175,000	(175,000)	-	-	-	-
Technology Innovation Centre	150,000	(150,000)	-	-	-	-
Technology partnerships	100,000	(100,000)	-	-	-	-
Decade of sport and culture						
- Yukon Arts Centre Corporation	-	157,000	-	157,000	25,000	132,000
- Yukon Convention Bureau Society	-	43,000	-	43,000	43,000	-
Rampart House - Vuntut Gwich'in First Nation	-	-	12,000	12,000	35,000	(23,000)
Forty Mile - Tr'ondek Hwech'in First Nation	-	-	5,000	5,000	45,875	(40,875)
Product and resource assessment						
- Carcross Tagish First Nation	-	-	10,000	10,000	10,000	-
Carcross/Tagish cultural centre	-	-	-	-	240,000	(240,000)
Interpretation and signage						
- Silver Trail Tourism Association	-	-	-	-	2,800	(2,800)
Public program projects - Yukon Council of Archives	-	-	-	-	13,000	(13,000)
	1,740,000	**(190,000)**	**27,000**	**1,577,000**	**1,656,483**	**(79,483)**

GOVERNMENT OF YUKON

Schedule of Contributions
for the year ended March 31, 2004

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual Expenditures	Under (Over) Expended
Women's Directorate						
Operations and maintenance						
Victoria Faulkner Women's Centre	$ 70,000	$ -	$ -	$ 70,000	$ 70,000	$ -
Yukon Status of Women Council	12,000	-	-	12,000	12,000	-
	82,000	**-**	**-**	**82,000**	**82,000**	**-**
Yukon Housing Corporation (Transfer Payment)						
Operations and maintenance Expenditures	**2,236,000**	**(206,000)**	**-**	**2,030,000**	**634,266**	**1,395,734**
Capital Expenditures	**1,789,000**	**-**	**-**	**1,789,000**	**1,466,862**	**322,138**
Totals						
Operations and maintenance	61,329,000	9,977,000	1,741,000	73,047,000	71,506,494	1,540,506
Capital	15,317,000	18,476,000	(83,000)	33,710,000	29,364,172	4,345,828
	$ 76,646,000	**$ 28,453,000**	**$ 1,658,000**	**$ 106,757,000**	**$ 100,870,666**	**$ 5,886,334**

GOVERNMENT OF YUKON

Schedule 10

Schedule of Special Warrants
for the year ended March 31, 2004

Warrant Number	Purpose		Amount (thousands of dollars)
No. 1	Operations and maintenance	Executive Council Office	$ 2,511
		Community Services	12,648
		Energy, Mines and Resources	15,462
		Environment	2,246
		Finance	1,060
		Health and Social Services	108
		Highways and Public Works	3,679
		Justice	314
		Public Service Commission	4,787
		Tourism and Culture	133
			42,948
	Capital	Executive Council Office	1,745
		Community Services	7,927
		Energy, Mines and Resources	1,668
		Justice	247
			11,587
			$ 54,535

The special warrant authorized spending, in addition to the amount provided in the *First Appropriation Act* (Yukon) *2003-04,* for the purpose of financing government operations for the period July 3, 2003 to March 31, 2004.

This warrant was subsequently approved by the *Second Appropriation Act* (Yukon) *2003-04*.

GOVERNMENT OF YUKON

Schedule 10

Schedule of Special Warrants
for the year ended March 31, 2004

Warrant Number	Purpose		Amount (thousands of dollars)
No. 2	Operations and maintenance	Yukon Legislative Assembly	$ 14
		Elections Office	2
		Office of the Ombudsman	7
		Community Services	911
		Economic Development	58
		Education	908
		Energy, Mines and Resources	139
		Environment	314
		Finance	476
		Health and Social Services	3,186
		Highways and Public Works	820
		Justice	1,195
		Public Service Commission	625
		Tourism and Culture	201
		Women's Directorate	11
		Yukon Housing Corporation	115
			8,982
	Capital	Economic Development	8
		Education	17
		Energy, Mines and Resources	34
		Environment	2,229
		Finance	485
		Health and Social Services	61
		Highways and Public Services	4,141
		Justice	25
		Tourism and Culture	21
			7,021
			$ 16,003

The special warrant authorized spending, in addition to the amounts provided in the *First Appropriation Act* (Yukon) *2003-04* and the *Second Appropriation Act* (Yukon) *2003-04*, for the purpose of financing government operations for the period February 18, 2004 to March 31, 2004.

This warrant was subsequently approved by the *Third Appropriation Act* (Yukon) *2003-04*.

GOVERNMENT OF YUKON

Schedule 11

Schedule of Public Debt
for the year ended March 31, 2004

Maturity Date	Issue Date	Rate %	Purpose	Balance March 31, 2003	Retirements	Balance March 31, 2004
Loans Payable - Government of Canada						
Nov 24 2003	Nov 24 1978	9.5000	Municipal	$ 15,956	$ 15,956	$ -
Mar 10 2007	Mar 10 1987	9.0400	Municipal	572,000	-	572,000
Apr 09 2007	Apr 09 1987	9.1200	Municipal	430,000	-	430,000
May 07 2007	May 07 1987	9.1300	Municipal	766,000	-	766,000
Jun 04 2007	Jun 04 1987	9.8800	Municipal	793,000	-	793,000
Jul 09 2007	Jul 09 1987	9.8300	Municipal	329,000	-	329,000
Aug 07 2007	Aug 07 1987	9.7200	Municipal	192,000	-	192,000
Sep 10 2007	Sep 10 1987	10.4200	Municipal	146,000	-	146,000
Oct 09 2007	Oct 09 1987	10.7900	Municipal	134,000	-	134,000
Nov 10 2007	Nov 10 1987	11.0700	Municipal	364,000	-	364,000
				3,741,956	15,956	3,726,000
Yukon Bonds						
Sep 15 2003	Sep 15 1983	13.0000	Municipal	35,000	35,000	-
				35,000	35,000	-
				$ 3,776,956	$ 50,956	$ 3,726,000

GOVERNMENT OF YUKON

Schedule 12

Schedule of Bad Debt Write-offs and Forgiveness
for the year ended March 31, 2004

Accounts Receivable Written Off

Economic Development	
Anvil Range Mining Corporation	$ 1,500,000
Education	
Sirieix, Andre	1,654
Joe, Laura	1,414
Bunbury, David	553
Finance	
Anvil Range Mining Corporation	1,509
Health and Social Services	
Anvil Range Mining Corporation	18,198
Sugden, Anna	14,250
Matthews, Kevin	13,242
Stout, Laurel	13,130
Byrne, Thomas	3,891
Clayton, Susan	3,858
Wotten, Bettina	3,750
Saulnier, Gerald	3,374
Klenk, Angie	2,055
Nickles, Marie	1,898
Adams, Irene and Michael	1,177
Campbell, Angel Rene	805
McGowan, Harvey	544
Highways and Public Works	
Anvil Range Mining Corporation	246,783
Baxter, Larry	1,564
Sheldon, Wilfred	885
Total accounts written off over $500	1,834,534
All departments - other miscellaneous accounts less than $500	8,111
Total accounts written off	**$ 1,842,645**

GOVERNMENT OF YUKON

Schedule 12

Schedule of Bad Debt Write-offs and Forgiveness
for the year ended March 31, 2004

Property Tax Receivable Written Off

Community Services	
Anvil Range Mining Corporation	$ 953,913

Forgiveness (Not Previously Written Off)

Finance	
Business development fund loan receivable	
Great Northern Ski Society	$ 395,000
Yukon Rodeo Association	44,974
Yukon Quest	29,400
Northern Lights School of Dance	15,473
Total forgiveness	$ 484,847

GOVERNMENT OF YUKON

Schedule 13

Schedule of Guaranteed Debt
as at March 31, 2004

	2004	2003
Guarantees authorized pursuant to the *Yukon Development Corporation Act* (Yukon)		
Long-term debt	$ 42,410,000	$ 43,491,000
Guarantees authorized pursuant to the *Housing Corporation Act* (Yukon)		
Mortgages	19,421,000	20,141,000
Debentures	4,387,000	4,563,000
Guarantees authorized pursuant to the *Business Development Assistance Act* (Yukon)	130,026	659,626
Guarantees authorized pursuant to the *Economic Development Act* (Yukon)	326,505	345,072
Wholly-owned subsidiary Yukon Government Fund Limited	15,000,000	15,000,000
	$ 81,674,531	**$ 84,199,698**

Schedule 14

Schedule of Garage Parts and Fuel Inventory Revolving Fund for the year ended March 31, 2004

	2004	2003
Opening inventory	$ 1,114,532	$ 1,175,497
Add purchases	1,681,230	1,624,998
	2,795,762	2,800,495
Less consumption	1,794,062	1,685,963
Closing inventory	$ 1,001,700	$ 1,114,532

Schedule 15

Schedule of Central Stores Revolving Fund for the year ended March 31, 2004

	2004	2003
Opening inventory	$ 446,952	$ 467,307
Add purchases	1,356,718	1,342,645
	1,803,670	1,809,952
Less consumption	1,379,818	1,363,000
Closing inventory	$ 423,852	$ 446,952

GOVERNMENT OF YUKON

Schedule 16

Schedule of Highway Materials Revolving Fund
for the year ended March 31, 2004

	2004	2003
Opening inventory	$ 1,586,400	$ 2,023,511
Add purchases	2,605,522	1,913,942
	4,191,922	3,937,453
Less consumption	1,977,896	2,351,053
Closing inventory	**$ 2,214,026**	**$ 1,586,400**

Schedule 17

Schedule of Road and Airport Equipment Reserve Fund
for the year ended March 31, 2004

	2004	2003
Charges for use of equipment	$ 9,348,787	$ 8,784,531
Operating expenditures	(7,381,059)	(7,749,152)
Net income from use of equipment	1,967,728	1,035,379
Proceeds on sale of equipment	82,063	100,180
Purchase of equipment	(1,784,867)	(751,834)
Increase during the year	264,924	383,725
Balance at beginning of year	2,638,606	2,254,881
Balance at end of year	**$ 2,903,530**	**$ 2,638,606**

Schedule 18

Schedule of Recycling Fund
for the year ended March 31, 2004

	2004	2003
Deposits and fees	$ 2,070,061	$ 1,862,054
Refunds and operating expenditures	(2,039,417)	(1,911,825)
Increase (decrease) during the year	30,644	(49,771)
Balance at beginning of year	285,385	335,156
Balance at end of year	**$ 316,029**	**$ 285,385**

Schedule 19

Schedule of Health Investment Fund
for the year ended March 31, 2004

	2004	2003
Appropriation	$ 102,000	$ 292,000
Expenditures	(224,127)	(141,400)
(Decrease) increase during the year	(122,127)	150,600
Balance at beginning of year	341,358	190,758
Balance at end of year	**$ 219,231**	**$ 341,358**

GOVERNMENT OF YUKON

Schedule 20

Schedule of Vehicle Fleet Revolving Fund
for the year ended March 31, 2004

	2004	2003
Charges for vehicle rental		
Government departments	$ 2,649,034	$ 2,069,736
Territorial corporations	105,370	135,989
Operating expenditures	(1,640,562)	(1,406,333)
Net income from operations	1,113,842	799,392
Proceeds on sale of equipment	86,205	60,533
Purchase of vehicles	(649,697)	(965,078)
Increase (decrease) during the year	550,350	(105,153)
Balance at beginning of year	1,377,330	1,482,483
Balance at end of year	**$ 1,927,680**	**$ 1,377,330**

Schedule 21

Schedule of Queen's Printer Revolving Fund
for the year ended March 31, 2004

	2004	2003
Appropriation	$ 10,000	$ -
Charges for printing		
Government departments	618,347	580,250
Territorial corporations	35,132	34,702
Operating expenditures	(618,832)	(589,154)
Net income from operations	44,647	25,798
Purchase of equipment	-	(87,511)
Increase (decrease) during the year	44,647	(61,713)
Balance at beginning of year	110,299	172,012
Balance at end of year	**$ 154,946**	**$ 110,299**

GOVERNMENT OF YUKON

Schedule 22

Schedule of Property Management Revolving Fund
for the year ended March 31, 2004

	2004	2003
Appropriation	$ 13,590,570	$ 12,610,700
Charges for facilities management and leases		
Government departments	10,849,420	10,670,688
Territorial corporations	641,376	574,645
Other	229,451	247,348
Operating expenditures	(24,692,703)	(23,875,993)
Net income from operations	618,114	227,388
Excess income refunded to the Government	(618,114)	(227,388)
Balance at beginning of year	249,197	249,197
Balance at end of year	$ 249,197	$ 249,197

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SECTION III

SUPPLEMENTARY FINANCIAL STATEMENTS

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YUKON HOUSING CORPORATION

FINANCIAL STATEMENTS

March 31, 2004

(audited)

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Yukon Housing Corporation

Management's Responsibility for Financial Statements

The financial statements contained in this annual report have been prepared by management in accordance with Canadian generally accepted accounting principles, and the integrity and objectivity of the data in these financial statements are management's responsibility.

In support of its responsibility, management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled and that transactions are in accordance with the *Financial Administration Act* as well as the *Housing Corporation Act* and the by-laws of the Corporation.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibility through the Financial Management Committee, which meets on a periodic basis with management and the independent external auditor to review the manner in which these groups are performing their responsibilities, and to discuss auditing, internal controls, and other relevant financial matters. The Financial Management Committee reviews the audited financial statements with the external auditor before making recommendations to the Board of Directors for their approval.

The Corporation's external auditor, the Auditor General of Canada, is responsible for auditing the financial statements and issuing a report which is included with the financial statements. The Auditor General of Canada provides her report to the Minister responsible for Yukon Housing Corporation.

Marc Tremblay
President

Temes Cherinet
Director, Finance Syst. and Admin.

July 30, 2004

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister responsible for the
Yukon Housing Corporation

I have audited the balance sheet of the Yukon Housing Corporation as at March 31, 2004 and the statements of equity, operations and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2004, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Housing Corporation Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* and regulations, the *Housing Corporation Act* and the by-laws of the Corporation.

Roger Simpson, FCA
Principal
for the Auditor General of Canada

Edmonton, Canada
July 30, 2004

Yukon Housing Corporation
Balance Sheet
as at March 31, 2004

	2004	2003
	Thousands of dollars	
Assets		
Current		
Cash (Note 3)	$ 60	$ 206
Due from Canada Mortgage and Housing Corporation	279	279
Accounts receivable - other	818	928
Mortgages receivable - current portion (Note 4)	5,010	4,085
Housing held for sale (Note 5)	1,786	2,110
	7,953	7,608
Seniors' Housing Management Fund (Note 6)	1,334	979
Mortgages, agreements and loans receivable (Note 4)	38,933	45,562
Capital assets (Note 7)	29,414	30,707
	$ 77,634	$ 84,856
Liabilities		
Current		
Accounts payable	$ 1,418	$ 1,450
Due to Government of Yukon	2,278	2,662
Current portion of long-term debt (Note 8)	5,153	3,525
	8,849	7,637
Seniors' Housing Management Fund (Note 6)	1,334	979
Employee future benefits (Note 9)	586	650
Deferred revenue	476	497
Deferred capital funding from Government of Yukon (Note 10)	6,907	7,396
Long-term debt (Note 8)	41,474	46,039
	59,626	63,198
Equity		
Equity of Government of Yukon	18,008	21,658
	$ 77,634	$ 84,856

Approved by the Board of Directors

Director Director

The accompanying notes and schedules are an integral part of these financial statements.

Yukon Housing Corporation
Statement of Equity of Government of Yukon
Year ended March 31, 2004

	2004	2003
	Thousands of dollars	
Balance at beginning of year	$ 21,658	$ 21,495
Funding (repaid to) advanced from Government of Yukon (Note 11)	(3,650)	163
Balance at end of year	$ 18,008	$ 21,658

The accompanying notes and schedules are an integral part of these financial statements.

Yukon Housing Corporation
Statement of Operations
Year ended March 31, 2004

	2004	2003
	Thousands of dollars	
Revenues		
Recoveries - cost-shared agreements	$ 4,624	$ 4,499
Rental income	3,380	3,112
Interest income	2,460	2,846
Recoveries - bad debts and other	42	164
	10,506	10,621
Expenses		
Program costs (Schedule)	4,832	4,314
Personnel	3,382	3,179
Interest on long-term debt	2,069	2,094
Amortization	1,503	1,606
Administration (Schedule)	700	722
Loss on sale of housing projects	-	1
	12,486	11,916
Net results of operations before government funding	(1,980)	(1,295)
Government of Yukon funding		
Operating grant	1,286	452
Amortization of deferred capital funding	694	843
	1,980	1,295
Net results of operations after government funding	$ -	$ -

The accompanying notes and schedules are an integral part of these financial statements.

Yukon Housing Corporation
Statement of Cash Flows
Year ended March 31, 2004

	2004	2003
	Thousands of dollars	
Operating activities		
Net results of operations after government funding	$ -	$ -
Adjustment for non-cash items		
Decrease in employee future benefits	(64)	(43)
Decrease in deferred revenue	(21)	(26)
Amortization of capital assets	1,503	1,606
Amortization of deferred capital funding	(694)	(843)
Loss on sale of housing projects	-	1
	724	695
Changes in non-cash components of working capital	18	2,214
Cash flows from operating activities	742	2,909
Investing activities		
Additions to housing projects	(178)	(563)
Additions to computer systems, furnishings, equipment and office building	(32)	(78)
Proceeds from sale of housing projects	-	61
Additions to mortgages and agreements receivable	(840)	(4,049)
Repayments of mortgages and agreements receivable	6,544	5,698
Cash flows from investing activities	5,494	1,069
Financing activities		
Repayment of long-term debt - rental housing units and office building	(1,064)	(988)
Repayment and reduction of long-term debt - other	(1,873)	(3,824)
Funding for the acquisition of capital assets	205	641
Funding (repaid to) received from Government of Yukon (Note 11)	(3,650)	163
Cash flows used in financing activities	(6,382)	(4,008)
Decrease in cash	(146)	(30)
Cash at beginning of year	206	236
Cash at end of year	$ 60	$ 206

Supplemental Disclosure of Cash Flows Information

	2004	2003
Interest paid	$ 2,085	$ 2,107
Interest received	2,496	2,807

The accompanying notes and schedules are an integral part of these financial statements.

1. Authority and mission

Yukon Housing Corporation (the "Corporation") was established in 1972 by the *Housing Corporation Act* of the Yukon Territory to undertake and assist in the provision, development, maintenance and management of housing.

As reflected in the Corporation's Strategic Plan, the mission of the Corporation is to work in a fiscally responsible manner to resolve the housing needs of Yukoners and to strengthen the Yukon's economy through the housing sector by: helping the marketplace to work better; furthering the self-sufficiency of communities, industries and individuals; and assisting people where needed.

In carrying out its mission, the Corporation provides low rental housing which generates operating losses. The Corporation also provides loans for the purpose of housing. The Corporation is dependent on the Government of Yukon for funding its operations.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies follow:

(a) Grant provided by Government of Yukon

The *Housing Corporation Act* authorizes the Government of Yukon to pay the Corporation an operating grant equal to the net loss from operations. The net loss from operations is equal to the Net results of operations before government funding less the Amortization of deferred capital funding, in the statement of operations. The portion of the funding used to purchase depreciable assets is recorded as deferred capital funding and amortized on the same basis and over the same periods as the related capital assets. Funding provided in excess of the operating grant is recorded as equity.

(b) Mortgages, agreements and loans receivable

Under the Home Repair Program, the Corporation may subsidize a debtor's repayment. These subsidies, reviewed annually, are based on the debtor's ability to pay. Mortgages receivable under the Home Repair Program are stated at estimated realizable value after providing allowances for payment subsidies.

Mortgages receivable under the Home Ownership Program are fully secured and are recorded at cost.

Mortgages receivable under the Rural and Native Housing Home Ownership Programs are stated at book value. Under the Social Housing Agreement (SHA) signed with Canada Mortgage and Housing Corporation (CMHC) in 1998, the Corporation may be required to subsidize a debtor's repayment of a Rural and Native Housing Home Ownership mortgage; CMHC annual cost-shared funding provided to the Corporation includes an amount for subsidies.

Based on historical loss experience, management considers it necessary to establish an allowance for impaired loans. Loans are classified as impaired when: (1) the Corporation no longer has reasonable assurance of timely collection of the full amount of principal and interest due or (2) payments are 90 days or more in arrears, except in those cases where, in the opinion of management, there is justification to continue to accrue interest. Where appropriate, an impaired loan allowance has been established to adjust the loan carrying value to the net realizable amount.

Land sales agreements, which pertain to loans receivable from lots sold to purchasers for residential, commercial and recreational purposes, are recorded at cost.

(c) Housing held for sale

The development of Mountain View Place, consisting of titled mobile housing lots, is valued at the lower of cost and net realizable value.

Housing held for sale includes houses repossessed under the Home Ownership Program and the Rural and Native Housing Home Ownership program. These houses are recorded at the lower of cost and net realizable value.

(d) Capital assets

Capital assets are valued at cost, net of contributions from outside agencies and accumulated amortization. Interest on loans during construction of capital assets is capitalized.

Social housing projects financed by long-term debt are amortized using the sinking fund method based on the principal repayment of the associated debt.

Amortization is calculated using the straight-line method, over the estimated useful lives of assets (except social housing projects financed by long-term debt as noted above):

Social housing projects not financed by long term-debt	15 years
Staff housing projects and other facilities:	
Standard construction	35 years
Mobile home units	15 years
Office building	20 years
Other facilities	15 years
Furnishings and equipment	5 years
Computer systems	3 years

(e) Deferred revenue

Deferred revenue consists of funding received from Yukon Development Corporation to assist in funding a residential energy management initiative, and funding provided by Canada Mortgage and Housing Corporation (CMHC) under the Social Housing Agreement for future housing related projects and losses on interest and mortgage guarantees. Revenue for the energy management initiative is recognized as loan advances are given to clients, and CMHC funding will be recognized when housing related projects are undertaken or losses are incurred on the interest and mortgage guarantees.

(f) Employee future benefits

Employee future benefits - other non-pension benefit plans

Under the conditions of employment, employees of the Corporation may qualify for and earn employment benefits for vacation, sick and compensatory leave, travel bonus and severance benefits. The benefit obligation was determined on an actuarial basis. The obligation for vacation, sick and compensatory leave, travel bonus and severance benefits was calculated using the projected benefit method pro-rated on service. The remaining obligation was calculated assuming all employees would receive the benefits on valuation date.

(f) Employee future benefits (continued)

Pensions

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Corporation's contribution to the Plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employees' required contributions, and may change from time to time depending on the experience of the plan. These contributions represent the total pension obligations of the Corporation and are charged to operations on a current basis. The Corporation is not currently required to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

(g) Management estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Estimates are used when accounting for matters such as impaired loans, allowances for payment subsidies for Home Repair Loans, amortization, employee future benefits and contingencies.

(h) Recoveries - Cost-shared agreements

Under the Social Housing Agreement signed with Canada Mortgage and Housing Corporation (CMHC) in 1998, the Corporation has entered into cost-sharing agreements whereby operating deficits of certain housing projects are cost shared with CMHC. The Corporation has also entered into cost-sharing agreements to share the operating deficits of certain housing projects with the City of Whitehorse.

3. Cash

The Corporation has an operating demand overdraft facility with its banker of up to $11,000,000 at bank prime. At year-end, the bank prime rate was 4.00% (2003 - 4.75%). The overdraft facility is guaranteed by Government of Yukon.

4. Mortgages, agreements and loans receivable

	Stated % interest rates	2004	2003
		Thousands of dollars	
Mortgages Receivable			
Home Ownership Loans with terms up to five years, secured by registered charges against real property, repayable in blended weekly, bi-weekly or monthly payments at fixed rates of interest and with maturities up to 2009. Rural and Native Home Ownership mortgages receiving subsidies (see Note 2 b) at March 31, 2004 were $1,991,000 (March 31, 2003 - $2,076,000).	3.32 -8.50	$ 27,944	$ 29,737
Owner Build Loans with terms up to five years, secured by registered charges against real property, at fixed rates of interest ranging from 0% to the full Home Ownership mortgage rate with maturities up to 2009.	0 - 6.75	2,703	3,081
Repair & Upgrade Loans with terms up to twelve years, secured by registered charges against real property or chattel mortgages, repayable in blended weekly, bi-weekly or monthly payments at fixed rates of interest with maturities up to 2016. Mortgages receiving subsidies and forgiveness at March 31, 2004 were $2,082,390 (March 31, 2003 - $2,433,000)	1.00 - 8.25	8,664	9,177
Energy Management Loans with terms up to six years, secured by registered charges against real property or chattel mortgages, repayable in blended monthly payments at fixed rates of interest with maturities up to 2010.	1.00 - 2.75	397	585
Joint Venture Loans with terms up to 18 years, secured by registered charges against real property or general security agreements, repayable in blended monthly payments at fixed rates of interest with maturities up to 2022.	2.25 - 6.75	1,483	1,673

	Stated % interest rates	2004	2003
		Thousands of dollars	
Subtotal mortgages receivable		41,191	44,253
Less: Allowances for payment subsidies for Home Repair loans		1,230	1,364
Less: Allowances for impaired loans		93	101
Total mortgages receivable		39,868	42,788
Land sales agreements receivable Loans on residential, commercial and recreational lots, repayable in blended annual payments at fixed rates of interest with maturities up to 2009.	4.75 - 8.50	4,075	2,475
Loan receivable - Government of Yukon		-	4,384
Total mortgages, agreements and loans receivable		43,943	49,647
Less: Current portion		5,010	4,085
		$ 38,933	$ 45,562

These investments earn interest at the following weighted average rates:

	2004	2003
Mortgages receivable	5.61%	5.87%
Land sales agreements receivable	5.69%	5.95%
Loan receivable - Government of Yukon	n/a	7.05%

5. Housing held for sale

	2004	2003
	Thousands of dollars	
Mountain View Place	$ 1,568	$ 1,816
Other housing inventory	218	294
	$ 1,786	$ 2,110

6. Seniors' Housing Management Fund

The Seniors' Housing Management Fund was established under section 7 of the *Housing Corporation Act* to provide for the future housing needs of Yukon's seniors. The Government of Yukon approved the establishment of the Fund in October 2000.

The Fund receives Government of Yukon funding through an annual appropriation and an appropriation equal to interest revenue generated by the Corporation's Green Mortgage Program and interest revenue earned on monies held within the Fund. The Corporation has not yet secured Government of Yukon approval on the parameters for the operation of the fund; there have been no payments made out of the Fund.

Changes in the Seniors' Housing Management Fund are as follows:	2004	2003
	Thousands of dollars	
Balance at beginning of year	$ 979	$ 646
Government of Yukon annual appropriation	100	100
Government of Yukon appropriation equal to interest revenue earned on Green Mortgage Program	225	213
Interest revenue earned on monies held within the Fund	30	20
Balance at end of year	$ 1,334	$ 979

7. Capital assets

	2004			2003
	Thousands of dollars			
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Social housing	$ 32,992	$ 13,405	$ 19,587	$ 20,534
Staff housing	12,129	5,204	6,925	7,159
Office building	1,782	399	1,383	1,467
Land	1,389	-	1,389	1,384
Other facilities	759	700	59	73
Furnishings and equipment	181	137	44	49
Computer systems	903	876	27	41
	$ 50,135	$ 20,721	$ 29,414	$ 30,707

CMHC funding used to purchase capital assets is deducted from the cost of the asset. CMHC funding allocated to capital assets during 2004 was $250,000 (2003 - $250,000).

8. Long-term debt

	Stated % interest rates	2004	2003
		Thousands of dollars	
Mortgages Payable (guaranteed by the Government of Yukon)	4.98 - 12.50	$ 19,421	$ 20,141
Loans with a variety of terms, secured by fixed charges against housing projects, repayable in blended monthly payments at fixed rates of interest and with maturities up to 2023.			
CMHC Loans (guaranteed by the Government of Yukon)	5.00 - 13.25	4,387	4,563
Loans repayable in blended annual payments at fixed rates of interest to maturity, and with maturities up to 2028.			
Loans payable - Government of Yukon	0.00	17,764	21,887
Repayable without interest in periodic installments to 2028.			
Land sales agreements due to Government of Yukon	0.00	5,055	2,973
Repayable without interest in equal periodic installments to 2009.			
Total long-term debt		46,627	49,564
Less: Current portion		5,153	3,525
		$ 41,474	$ 46,039

The mortgages and loans payable bear interest at the following weighted average interest rates:

	2004	2003
Mortgages payable	8.25%	8.40%
CMHC loans	8.80%	8.81%

Principal repayments required over the next five years are as follows:

	CMHC Loans	Mortgages	Government of Yukon Loans	Land Sales Agreements	Total
		(Thousands of dollars)			
2005	$ 192	$ 789	$ 618	$ 3,555	$ 5,154
2006	210	853	618	542	2,223
2007	230	927	618	367	2,142
2008	251	1,006	618	310	2,185
2009	266	1,076	618	281	2,241

9. Employee future benefits

Other non-pension benefit plans

Employee future benefits are a defined benefit plan and are not funded. The results are summarized as follows:

	2004	2003
	Thousands of dollars	
Accrued benefit liability, beginning of year	$ 650	$ 693
Add: Annual benefit plan expense	54	214
Less: Benefits paid by Yukon Housing	(47)	(257)
Unamortized experience (gains) losses	(71)	-
Accrued benefit liability, end of year	$ 586	$ 650

Pensions

During the year, the Public Service Superannuation Plan required the Corporation to contribute to the Public Service Superannuation Account at a rate of 2.14 times the employee contribution.

	2004	2003
Employer contribution	$ 254	$ 285
Employee contribution	121	125
Total contributions	$ 375	$ 410

The significant actuarial assumptions were:

	2004	2003
Discount rate	6.0%	6.5%
Salary escalation rate, to January 1, 2006	2.5%	3.0%
Annual rate of inflation	2.5%	3.0%

10. Deferred capital funding from Government of Yukon

Deferred capital funding represents the unamortized portion of Government of Yukon funding used to purchase depreciable capital assets.

Changes in the deferred capital funding balance are as follows:	2004	2003
	Thousands of dollars	
Balance at beginning of year	$ 7,396	$ 7,598
Add: funding used to purchase depreciable capital assets	205	641
Less: amortization	(694)	(811)
Less: unamortized funding on assets disposed of during the fiscal year charged to operations	-	(32)
Balance at end of year	$ 6,907	$ 7,396

11. Funding repaid to Government of Yukon

	2004	2003
	Thousands of dollars	
Cash advances from Government of Yukon	$ 4,047	$ 3,555
Repayment of Advances	(3,905)	-
Operating grant	(1,286)	(452)
Funding used to purchase capital assets (Note 10)	(205)	(641)
Funding invested in Seniors' Housing Management Fund	(355)	(333)
Cash operating advances refunded to Government of Yukon	(1,946)	(1,966)
Funding (repaid to) advanced from Government of Yukon	$ (3,650)	$ 163

12. Financial instruments

The fair values of the financial instruments were determined using the present value of future cash flows discounted at the March 31, 2004 average market rate for mortgages and loans with similar maturities.

The balances in Due from Canada Mortgage and Housing Corporation, Accounts receivable - other, Accounts payable and Due to Government of Yukon are non-interest bearing and have fair values that approximate their carrying amount due to their short term to maturity.

The carrying amount and estimated fair values of the financial instruments are as follows:

	2004		2003	
	Thousands of dollars			
	Carrying Amount	Fair Value	Carrying Amount	Restated Fair Value
Long-term investments				
Mortgages receivable net of allowances for payment subsidies on Home Repair loans and loan impairments	$ 39,868	$ 40,291	$ 42,788	$ 42,446
Land sales agreements receivable	4,075	4,171	2,475	2,499
Loan receivable - Government of Yukon	-	-	4,384	4,070
	$ 43,943	$ 44,462	$ 49,647	$ 49,015
Long-term debt				
Mortgages payable	$ 19,421	$ 20,331	$ 20,141	$ 20,149
CMHC loans	4,387	4,978	4,563	4,864
Loans payable - Government of Yukon	17,764	7,655	21,887	8,534
Land sales agreements due to Government of Yukon	5,055	4,734	2,973	2,730
	$ 46,627	$ 37,698	$ 49,564	$ 36,277

These financial instruments do not have active markets. The fair value of these instruments may not reflect realizable amounts.

The balances in Due from Canada Mortgage and Housing Corporation, Accounts receivable - other, Accounts payable and Due to Government of Yukon are the result of transactions incurred in the normal course of business and have no significant credit risks.

Certain comparative figures have been restated to conform with the 2004 presentation.

13. Related party transactions

The Corporation is related in terms of common ownership to all Government of Yukon departments, corporations and agencies. In addition to those related party transactions, disclosed elsewhere in these financial statements, the Corporation enters into transactions with related entities in the normal course of business.

14. Commitments and contingencies

	2004	2003
	Thousands of dollars	
Outstanding contractual obligations to complete the funding of mortgages receivable as at March 31.	$ 1,591	$ 1,563
Subsidies to private social housing organizations	428	873

Pursuant to a Supreme Court of the Yukon Territory court order, Yukon Housing was appointed Receiver/Manager of an independent third party entity the Whitehorse Housing Co-operative Association Limited effective December 9, 2003.

Pursuant to an agreement signed with Canada Mortgage and Housing Corporation in 1998, Yukon Housing is liable for a mortgage payable by the Whitehorse Housing Co-operative (currently $1,341,000) if it goes into default. Management believes that they will be able to repay the mortgage in full through the sale of the houses (against which the mortgage is made) in the event of default.

15. Mortgage guarantees

The cost of house construction often exceeds the market value of that house in Yukon communities. Canada Mortgage and Housing Corporation provides mortgage insurance for up to 95% of the market value of a new home. Under the Extended Mortgage Guarantee Program, the Corporation will insure for up to 95% of the cost of a new house, therefore enabling rural Yukon residents to have access to insured mortgage financing.

The contingent liability for mortgage guarantees under this program as at March 31, 2004 is $163,000 (2003 - $242,000).

16. Government of Yukon transfer payments

The following table reconciles funding provided by the Government of Yukon as shown in these financial statements to that recorded by the Government in its Public Accounts.

	2004	2003
	Thousands of dollars	
Government of Yukon - Operations and Maintenance transfer payment		
Net results of operations before government funding	$ 1,980	$ 1,295
Add recovery - Mountain View Place inventory valuation allowance	43	21
Less amortization	(1,503)	(1,606)
Less Program costs - Other		
Home Repair mortgage provision for payment subsidies expense	(140)	(143)
Housing project improvements	-	(1)
Add Seniors' Housing Management Fund investment - Government of Yukon appropriation (equal to interest earned on Green Mortgage Program and monies held within the fund)	255	233
Government of Yukon - Operations and Maintenance transfer payment	$ 635	$ 201
Government of Yukon - Capital transfer payment		
Recovery of Mountain View Place inventory valuation allowance	(43)	(21)
Program costs - Other		
Home Repair mortgage provision for payment subsidies expense	140	143
Housing project improvements	-	1
Add Seniors' Housing Management Fund investment - Government of Yukon appropriation	100	100
Add funding provided to repay principal portion of long term debt	1,064	988
Add funding provided to purchase depreciable capital assets (Note 10 and11)	205	641
Less funding refunded for net book value of assets disposed	-	(62)
Government of Yukon - Capital transfer payment	$ 1,466	$ 1,790

Yukon Housing Corporation
Schedule of Program Costs and Administration Expenses
Year ended March 31, 2004

	2004	2003
	Thousands of dollars	
Program costs		
Housing operations		
General maintenance	$ 1,601	$ 1,274
Utilities	1,241	1,115
Property taxes	480	491
Subsidies - Private social housing organizations	475	473
Direct lending program administration	434	418
Property rentals	144	150
Garbage collection and janitorial	114	151
Insurance	93	64
Housing program administration	73	92
Bad debts (recoveries) - housing operations including rental tenants	37	(58)
	4,692	4,170
Other		
Home Repair mortgage provision for payment subsidies expense	140	143
Housing project improvements	-	1
	140	144
	$ 4,832	$ 4,314

	2004	2003
Administration expenses		
Rentals - office and equipment	$ 220	$ 211
Professional fees	112	59
Travel and transportation	104	101
Computer services	101	152
Communications	73	75
Office and sundry	43	51
Boards and committees	27	28
Program promotion	20	45
	$ 700	$ 722

Yukon Housing Corporation
Schedule of Bad Debt Write-offs
for the year ended March 31, 2004

Tenant Receivables Written Off		Invoice Date
Brown, R & Hagar, J	$ 2,733	1997
Barr, J & Benoit, G	1,061	1998
Gladue, E	1,716	1998
Woods, R & T	1,755	1998
Winter, L	1,776	1998
Glada, J	1,780	1998
McGovern, L	2,689	1998
Jepp, A & D	8,837	1998
Francoeur, D & S	541	1999
Bennett, D & Lavallee, R	1,040	1999
Shore, S	1,059	1999
Abou, V	1,307	1999
Clark, K & Moore, A	1,370	1999
Joynt, S	2,534	1999
Smith, M & S	2,650	1999
Smith, J	670	2000
Coldwell, S	1,389	2000
Bylsma, D	1,658	2000
Magrath, M	1,714	2000
Ledgerwood, A	1,806	2000
Johnson, J	1,942	2000
Gage, J	2,022	2000
Maguire, L	2,180	2000
McDougall, D	582	2001
Bolton, C	592	2001
Kirk, J	658	2001
Dewhurst, A & R	629	2002
Total tenant accounts over $500 written off	$ 48,690	
Other tenant accounts less than $500 written off	2,359	
Total tenant accounts written off	$ 51,049	
Other Receivables Written Off		
Cardwell, M	$ 2,215	1995
Klondike Mechanical	5,400	1999
Total accounts written off in the year ended March 31, 2004	$ 58,664	
Total accounts written off in the year ended March 31, 2003	$ 27,487	

The Corporation is disclosing bad debts written off as required by subsection 14(4) of the *Financial Administration Act*.

YUKON DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

December 31, 2003

(audited)

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Yukon
Development
Corporation

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Yukon Development Corporation are the responsibility of management, and have been prepared in accordance with Canadian generally accepted accounting principles consistently applied and appropriate in the circumstances. The preparation of financial statements necessarily involves the use of estimates and approximations, which have been made using careful judgement. In management's opinion, the consolidated financial statements have been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized in the consolidated financial statements.

Management maintains systems of internal controls designed to provide reasonable assurance that assets are safeguarded and that reliable financial information is available on a timely basis. These systems include formal written policies and procedures, the careful selection and training of qualified personnel, and an organizational structure that provides for the appropriate delegation of authority and segregation of responsibilities.

The financial statements have been examined by an independent external auditor. The external auditor's responsibility is to express an opinion on whether the consolidated financial statements, in all material respects, fairly present the Corporation's financial position, results of operations and cash flows in accordance with Canadian generally accepted accounting principles. In addition, the external auditor reports on whether proper books of account have been kept by the Corporation, the consolidated financial statements are in agreement therewith, and transactions, in all significant respects, are in accordance with the *Financial Administration Act* as applicable, the *Yukon Development Corporation Act* and the bylaws of the Corporation. The Auditor's Report, which follows, outlines the scope of this examination and the auditor's opinion.

The Corporation's Board of Directors, through its Audit and Finance Committee, oversees management's responsibilities for financial reporting. The Audit and Finance Committee meets with management and the independent external auditor to discuss auditing and financial matters, to gain assurance that management is carrying out its responsibilities and to review and approve the consolidated financial statements. The auditor has full and free access to the Audit and Finance Committee, with and without the presence of management.

Blaine D Anderson

David Morrison
Chair of the Board

Blaine Anderson
Chief Financial Officer

Whitehorse, Yukon
June 4, 2004

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

The Honourable Archie Lang
Minister Responsible for the Yukon Development Corporation

I have audited the consolidated balance sheet of the Yukon Development Corporation as at December 31, 2003 and the consolidated statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Yukon Development Corporation Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation and by its wholly-owned subsidiaries and the consolidated financial statements are in agreement therewith and the transactions of the Corporation and of its wholly-owned subsidiaries that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* and regulations, the *Yukon Development Corporation Act* and the bylaws of the Corporation.

I would also like to bring your attention to the fact that I have included a reservation in the Auditor's Report on financial statements of the subsidiary company, Energy Solutions Centre Inc., for the year ended December 31, 2003. The reservation in my opinion was because that Company could not provide me with sufficient audit evidence to support certain reported expenditures. The reservation of my opinion on the financial statements of Energy Solutions Centre Inc. does not materially affect the financial position and results of Yukon Development Corporation as at and for the year ended December 31, 2003.

Ronald C. Thompson, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 4, 2004

Yukon Development Corporation

Consolidated Balance Sheet

As at December 31, (in thousands of dollars)	**2003**	2002
Assets		
Current assets		
Cash and cash equivalents (note 3)	$ 5,402	$ 4,142
Accounts receivable (note 4)	4,221	4,871
Inventories	2,575	2,360
Prepaid expenses	572	715
Current portion of investment (note 5)	504	298
	13,274	12,386
Restricted cash (note 6)	**2,845**	3,740
Trust assets (note 7)	**1,252**	6,467
Investments (note 5)	**3,905**	3,813
Reserve for uninsured losses (note 8)	**679**	346
Diesel contingency fund (note 9)	**755**	734
Property, plant and equipment (note 10)	**158,859**	155,979
Deferred charges (note 11)	**6,578**	6,613
	$ 188,147	$ 190,078
Liabilities		
Current liabilities		
Accounts payable	$ 3,778	$ 6,232
Current portion of long-term debt (note 12)	1,096	1,052
Regulatory liabilities (note 13)	2,518	2,169
	7,392	9,453
Deferred revenue (note 14)	**11,405**	12,265
Trust liabilities	**650**	2,988
Contributions in aid of construction (note 15)	**4,605**	4,356
Long-term debt (note 12)	**41,314**	42,439
Reserve for future removal and site restoration costs	**5,143**	4,875
Diesel contingency fund (note 9)	**755**	734
	71,264	77,110
Equity		
Contributed capital	**41,501**	41,501
Retained earnings	**75,382**	71,467
	116,883	112,968
	$ 188,147	$ 190,078

Contingencies and commitments (note 17)
The accompanying notes are an integral part of the financial statements.

Approved by the Board:

Chair

Director

Yukon Development Corporation

Consolidated Statement of Operations and Retained Earnings

For the year ended December 31, (in thousands of dollars)	**2003**	2002
Revenue		
Sales of Power	$ 24,095	$ 23,786
Other income	1,071	386
Contribution - Yukon	1,043	808
Finance income	495	529
Contribution - Canada	357	237
Interest income	231	456
	27,292	26,202
Expenses		
Board, corporate stewardship and administration	7,834	7,006
Operations and maintenance	5,265	5,288
Energy market transformation	1,358	928
Interest on long-term debt	1,026	1,227
Energy sector development	294	946
Corporate, environment and First Nations initiatives	238	183
Amortization of property, plant and equipment	5,697	5,442
Amortization of deferred charges	595	478
Provision for uninsured losses	50	50
	22,357	21,548
Net income before rate stabilization	**4,935**	4,654
Rate stabilization	**1,020**	-
Net income	**3,915**	4,654
Retained earnings, beginning of year	**71,467**	66,813
Retained earnings, end of year	**$ 75,382**	$ 71,467

The accompanying notes are an integral part of the financial statements.

Yukon Development Corporation

Consolidated Statement of Cash Flows

For the year ended December 31, (in thousands of dollars)	**2003**	2002
Cash flows from		
Operating activities		
Cash receipts from customers	$ 26,356	$ 24,284
Cash paid to employees and suppliers	(18,237)	(11,051)
Interest paid	(1,026)	(1,227)
Interest received	726	985
	7,819	12,991
Financing activities		
Decrease in restricted cash	896	702
Decrease in long-term debt	(1,081)	(897)
Decrease (increase) in trust assets	5,215	(2,399)
(Decrease) increase in trust liabilities	(2,339)	325
	2,691	(2,269)
Investing activities		
Property and equipment purchased	(8,328)	(25,696)
(Increase) decrease in long term investments	(297)	226
Increase in reserves	(66)	(220)
Increase in deferred charges	(559)	(2,314)
	(9,250)	(28,004)
Increase (decrease) in cash	**1,260**	(17,282)
Cash, beginning of year	**4,142**	21,424
Cash, end of year	**$ 5,402**	$ 4,142

The accompanying notes are an integral part of the financial statements.

1. Authority, objectives and operations

Yukon Development Corporation (the Corporation) was originally established under the *Yukon Development Corporation Act* to participate with the private sector in the economic development of the Yukon, to make strategic investments to the benefit of the territory and to acquire and operate the assets of Northern Canada Power Commission (NCPC) in the Yukon.

In 1993, the Corporation's mandate was changed to restrict its new initiatives to energy-related activities designed to promote the economic development of the Yukon.

The Corporation's wholly-owned subsidiaries, Yukon Energy Corporation (YEC) and Energy Solutions Centre Inc., were incorporated under the Yukon *Business Corporations Act.* Yukon Energy Corporation generates, transmits, distributes and sells electrical energy in the Yukon and is regulated by the Yukon Utilities Board. The mandate of Energy Solutions Centre Inc. is to engage Yukoners in the challenge and potential of energy efficiency and green power as solutions to climate change by mobilizing individuals, businesses, communities and First Nations to implement projects that will reduce greenhouse gas emissions in the Yukon.

Yukon Energy Corporation and Energy Solutions Centre Inc. are exempt from the *Financial Administration Act* (Yukon).

2. Significant accounting policies

Financial statement presentation

The consolidated financial statements of Yukon Development Corporation have been prepared by management and conform to Canadian generally accepted accounting principles. The consolidated financial statements include the accounts of Yukon Development Corporation and its wholly-owned subsidiaries, Yukon Energy Corporation and Energy Solutions Centre Inc. The consolidated financial statements reflect Canadian generally accepted accounting principles and practices of regulatory bodies. All significant inter-company transactions and balances have been eliminated on consolidation. The regulatory accounting practices adopted by Yukon Energy Corporation may differ from the accounting practices otherwise applied in unregulated enterprises. In particular, the timing of Yukon Energy Corporation's recognition of certain assets, liabilities, revenues and expenses as a result of regulation may differ from that otherwise expected using generally accepted accounting principles for a non-regulated entity. A description of significant accounting policies follows.

Financial instruments

The Corporation's consolidated financial instruments consist of accounts receivable, investments, long-term receivables and accounts payable, interest payable and long-term debt. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency, or credit risks arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

Water Regulation

The Yukon Territory Water Board decides if and for how long Yukon Energy Corporation will have a water licence for the purposes of operating hydro generation stations in the Yukon. The licences will also indicate terms and conditions for the operation of these facilities.

2. Significant accounting policies - continued

Rate Regulation

The Corporation's subsidiary, Yukon Energy Corporation, is regulated by the Yukon Territory Water Board pursuant to the *Yukon Waters Act (Canada)* and the Yukon Utilities Board (YUB) pursuant to the *Public Utilities Act (Yukon)*. The regulatory process begins when Yukon Energy Corporation makes a General Rate Application for its proposed electricity rate changes over the next one or two forecast years. The Yukon Utilities Board must ensure that its decision, which fixes electricity rates, complies with all relevant legislation including the *Public Utilities Act* and directives issued by the Yukon Government through Orders-In-Council that specify how the interests of the customer and the utility are to be balanced.

The YUB follows a two-stage decision process. In the first stage, the total costs that the utility will incur to provide electricity to its customers over the immediate future are approved. The approval of these costs determines the total revenues the utility is allowed to collect from its customers. It is the responsibility of the YUB to examine the legitimacy of three classes of costs:

- the costs to the utility to run its operations and maintain its equipment (personnel and materials);
- the cost associated with the amortization of all capital equipment;
- the return on rate base (the costs related to borrowing that portion of rate base which is financed with debt, and the costs to provide a reasonable rate of return on that portion of rate base which is financed with equity).

As well, in the first stage, the YUB reviews the addition of costs to rate base and assesses these costs for prudence.

In the second stage, the YUB approves how the revenue will be raised. This stage essentially determines the electricity rates for the various customer classes in the Yukon: residential, government, commercial and industrial. This process is guided mainly by a cost-of-service study which allocates utility costs to the various customer classes on the basis of appropriate costing principles. The determination of rates is also affected by Orders-In-Council issued by the Yukon Cabinet, which give specific government direction to the YUB.

Normally, Yukon Energy Corporation applies for rates in advance of the applicable years. A hearing takes place and rates are approved as final as a result of the hearing. Interim hearings and interim rates may be used to deal with unforeseen circumstances.

Inventories

Inventories which consist of materials, supplies and diesel fuel are recorded at average cost.

2. Significant accounting policies - continued

Property, plant and equipment

Property, plant and equipment are stated at cost which includes materials, direct and indirect labour, an appropriate allocation of administrative overhead and finance charges capitalized during construction, less accumulated amortization. Amortization is based on the straight-line method over the estimated economic life of the assets as follows:

Generation	
Hydro-electric plants	40 to 65 years
Diesel plants	15 to 25 years
Transmission	25 to 40 years
Distribution	20 to 30 years
Buildings	20 to 30 years
Financial Information System	5 to 10 years
Transportation	8 to 14 years
Other equipment	5 to 15 years

Yukon Energy Corporation capitalizes an allowance for funds used during construction (AFUDC) at the weighted average cost of capital. Upon retirement or disposal, any gain or loss is charged to income in the current year for assets depreciated on an individual basis, or charged to accumulated depreciation for assets depreciated on a pooled basis.

Deferred charges

Deferred charges are recorded at cost less accumulated amortization.

Study costs related to research projects and operations are expensed as incurred. Costs related to potential capital development projects which are abandoned are amortized to earnings on a straight-line basis over five years starting in the year that the project is abandoned.

Costs related to water license renewals are deferred and amortized to earnings on a straight-line basis over the term of the existing license plus the expected term of the renewed license, which is generally a long term arrangement of 25 years.

Generating equipment overhaul expenditures in excess of $250,000 are deferred and amortized to earnings on a straight-line basis over five years. Other deferred charges are amortized to earnings on a straight-line basis over various terms approved by the Yukon Utilities Board.

Investments

Investments classified as current assets are carried at the lower of cost and market value. Other investments are carried at cost less a write-down, if necessary, for any impairment in value which is other than temporary.

2. Significant accounting policies - continued

Diesel fuel price adjustment

With respect to the cost of diesel fuel used in generation, Yukon Energy Corporation is authorized by Order-in-Council 1995/90 to adjust its rates to reflect fluctuations in the price of diesel fuel without the requirement for specific application to and approval of the Yukon Utilities Board. Fluctuations in diesel fuel costs from approval levels are deferred and recovered or refunded over designated future periods prescribed by the Yukon Utilities Board through revised rates charged to customers. The balance at December 31 is disclosed as Rate adjustment receivable (see note 4).

Reserve for uninsured losses

Yukon Energy Corporation maintains a reserve for uninsured losses. An appropriation to the reserve of $50,000 is made annually as a charge to expenses. Uninsured losses are charged directly against the reserve.

Contributions in aid of construction

Certain property, plant and equipment additions are made with the assistance of cash contributions from customers. These contributions are amortized to income on the same basis as the assets to which they relate. Amortization of contributions from customers is shown on the statement as an offset to amortization expense.

Reserve for future removal and site restoration cost

The reserve is calculated based on the estimated cost of demolishing, dismantling, tearing down, or otherwise disposing of the asset, net of expected recoveries. These estimated costs are being provided for over the estimated useful life of the asset on a straight-line basis.

Revenue recognition

Revenue from the sale of power is recognized based on cyclical meter reads. Sales of power includes an accrual for electricity deliveries not yet billed.

Contribution - Canada

Contributions are received from the Government of Canada as part of a contribution agreement between the Corporation and Natural Resources Canada. The purpose of the program is to stimulate energy efficiency and renewable energy technologies. The program is delivered by the subsidiary, Energy Solutions Centre Inc. and revenue is recognized on an accrual basis, when services are performed.

Contribution - Yukon

Contributions were received in 1999 as part of the Yukon Government's commitment to sustainable energy development. These contributions are recognized as income when the eligible expenses are incurred.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. This mainly affects revenue, accounts receivable, property, plant and equipment, the reserve for future removal and site restoration costs and other long-term receivables. Actual results could differ from these estimates.

3. Cash and cash equivalents

	2003	2002
Bank balance	$ 1,002	$ 2,393
Short-term investments	4,400	4,674
Bank indebtedness	-	(2,925)
	$ 5,402	$ 4,142

Short-term investments are monies invested in a pooled money market fund. The short-term securities held in the fund have an average maturity less than 90 days. Earnings are distributed monthly on a pro-rata share of the total fund. Annual return on investment for 2003 was 2.83% (2002 - 2.96%).

Yukon Energy Corporation also has a demand line of credit facility with its banker that allows the Corporation to borrow up to $10,000,000 at bank prime. The overdraft facility is guaranteed by the Yukon Government. At year end the Yukon Energy Corporation borrowed nil (2002 - $1,100,000) on the credit facility.

4. Accounts receivable

	2003	2002
Retail energy sales	$ 794	$ 771
Wholesale energy sales	2,289	2,258
Other	1,022	1,586
Rate adjustment receivable	116	256
	$ 4,221	$ 4,871

Accounts receivable includes $2,506,120 (2002 - $2,528,000) due from the Yukon Electrical Company Limited. Yukon Energy Corporation's sales to the Yukon Electrical Company Limited were approximately $16,017,000 (2002- $15,288,000) but, due to the wholesale nature of the sales, Yukon Energy Corporation is not economically dependent on them.

5. Investments

The Corporation's investments are summarized as follows:

	2003	2002
Direct financing leases	$ 4,391	$ 4,082
Leases receivable, net of deferred financing income	18	29
	4,409	4,111
Less: current portion	504	298
	$ 3,905	$ 3,813

In 1990, the Corporation acquired the building known as Old Yukon College from the Yukon Government for a nominal fee. The building was renovated and is being leased back to the Government for a period of 20 years. At the end of the lease term (in 2011) the Government may purchase the building from the Corporation for a nominal fee. Interest from the lease is recognized as finance income. The investment was $3,794,082 in 2003 (2002 - $4,082,222)

6. Restricted cash

Cash is restricted by Government of the Yukon for the purposes of Green Power and Energy Efficiency projects.

7. Trust assets

	2003	2002
Construction contract holdbacks	$ 602	$ 3,479
Rate stabilization fund	-	2,356
Energy infrastructure investment	650	632
	$ 1,252	$ 6,467

Construction contract holdbacks represent holdbacks from payments made to the general contractor on the Mayo to Dawson Transmission Line Project. These will be held by Yukon Energy Corporation pending satisfactory completion of the project, at which time the monies will be released. An offsetting liability is recorded in accounts payable and is equal to the holdbacks held.

On January 16, 2004, Yukon Energy Corporation signed an agreement with the contractor. One of the provisions of this agreement releases the contractor from certain contract requirements related to deficiencies and warranties. In return, the contractor agrees to release claim on $200,000 of the holdback outstanding.

Energy infrastructure investment represents monies held by Yukon Development Corporation on behalf of a Yukon First Nation for investment in energy infrastructure. The ultimate use of these funds is subject to the finalization of necessary investment agreements. An equal offsetting liability is recorded in trust liabilities.

8. Reserve for uninsured losses

	2003	**2002**
Balance, beginning of year	$ 346	$ 291
Provision	(50)	(50)
Losses incurred		
Weather-related	-	72
Asset replacement	383	33
Balance, end of year	**$ 679**	$ 346

Yukon Energy Corporation's target balance for the reserve for uninsured losses is based on Yukon Energy Corporation's past experience. Yukon Energy Corporation will be applying to the Yukon Utilities Board for approval to increase the reserve.

9. Diesel contingency fund

	2003	2002
Balance, beginning of year	$ 734	$ 683
Interest	21	51
Balance, end of year	**$ 755**	$ 734

The Yukon Utilities Board established the Diesel Contingency Fund with Board Order 1996-6. The Fund is administered by Yukon Energy Corporation on behalf of the Yukon Utilities Board, and as such is recorded as a trust asset and a trust liability.

10. Property, plant and equipment

	Cost	Accumulated Amortization	**2003** Net book Value	2002 Net book Value
Hydro-electric and diesel plants	$ 132,345	$ 38,001	$ 94,344	$ 93,873
Transmission	51,228	7,739	43,489	12,834
Distribution	11,916	4,174	7,742	6,988
Buildings and other equipment	14,281	5,161	9,120	9,442
Financial information system	1,306	746	560	756
Transportation	1,355	359	996	983
Land and land rights	1,066	-	1,066	677
Construction-in-progress	1,542	-	1,542	30,426
	$ 215,039	**$ 56,180**	**$ 158,859**	$ 155,979

10. Property, plant and equipment - continued

Property, plant and equipment classified as Transmission include a transmission line from the Mayo Hydro Generating Station to Dawson City. This line was constructed to replace diesel generation in Dawson City with hydro-generated power. The project economics are forecasted to be less than the present value of the future costs of operating a diesel plant. As described in note 12, the structure of the project financing ensures that for a given year there is no increase in the total costs to provide electricity to customers. The line was under construction in 2002 and $21.7 million in costs were included in construction-in-progress at December 31, 2002. The line came into service on September 6, 2003.

Total costs incurred to December 31, 2003 are $33.5 million (the Corporation contributed capital assistance to its subsidiary YEC of $5.8 million) . Additional costs will be incurred in the future to correct the deficiencies with the line. Costs incurred to settle claims, by and against the contractor, as described in note 17, will be capitalized. Any recoveries from the contractor will be offset against the project costs.

Yukon Energy Corporation will be applying to the Yukon Utilities Board for approval to include the cost of the line in the rate base.

11. Deferred Charges

	Cost	Accumulated Amortization	**2003** Net book Value	2002 Net book Value
Dam safety review	$ 135	$ 82	$ 53	$ 37
Deferred downsizing costs	334	120	214	248
Deferred overhauls	348	348	-	70
Feasibility studies	843	212	631	522
Regulatory expenses	121	-	121	-
Relicensing	6,350	791	5,559	5,736
	$ 8,131	**$ 1,553**	**$ 6,578**	$ 6,613

Deferred charges have been deferred and amortized in accordance with decisions of the Yukon Utilities Board.

12. Long-term debt

The Corporation's long-term debt is summarized as follows:

	2003	2002
Government of Canada $40,000,000 flexible term note bearing interest at 7% repayable in annual instalments of $1,000,000 principal, plus accrued interest	$ 28,688	$ 29,057
Great West Life $5,750,000 mortgage bearing interest at 11.5%, repayable in monthly instalments of $60,000 interest and principal with the final payment due July 2011	3,806	4,084
TD Canada Trust $12,400,000 term note bearing interest at 7.81% payable in monthly instalments of $102,000 interest and principal, with the balance due September 30, 2011. The note is guaranteed by the Yukon Government	9,916	10,350
	42,410	43,491
Less current portion	1,096	1,052
	$ 41,314	$ 42,439

Government of Canada note
The proceeds of the Government of Canada flexible term note were part of the consideration used in 1987 to acquire assets of Northern Canada Power Commission. The note is collateralized by a mortgage against the Whitehorse Generating Station assets.

The terms of the flexible term note provide for payments of principal and interest to be deferred and abated, respectively, if power sales on the Whitehorse-Aishihik-Faro electrical power distribution system are less than specified amounts. After adjusting for abated interest, the effective interest rate on this instrument for 2003 is 2.50% (2002 - 1.90%). For further discussion regarding this instrument, see also note 17(b).

Mortgage payable
The mortgage is secured by land and buildings described in note 10.

12. Long-term debt - continued

Long -term debt repayment

Scheduled repayments for all long-term debt are as follows:

2004	$ 1,096
2005	1,158
2006	1,252
2007	1,348
2008	1,448
Thereafter	36,108
	$ 42,410

Fair value

Fair value of $49,166,000 (2002 - $44,835,000) for all long-term debt was estimated using discounted cash flows based on an estimate of the Corporation's current borrowing rate for similar borrowing arrangements.

13. Regulatory liabilities

	2003	**2002**
Insurance proceeds held on behalf of ratepayers	$ 744	$ 744
Anvil Range Mine dewater revenue	1,774	1,425
	$ 2,518	$ 2,169

The insurance proceeds held on behalf of ratepayers amount represents the residual balance of insurance proceeds after allocation against all reconstruction and operation and maintenance costs related to a fire at the Whitehorse Rapids Generating Station in 1997. The Corporation is required to use the balance of the insurance proceeds to the benefit of rate payers. The allocation of this amount is subject to the Yukon Utilities Board approval.

Anvil Range Mine dewater revenue derives from Rate Schedule 34 customers, of which the Anvil Range Mine represents the only customer in the class. As directed by the Yukon Utilities Board in Board Order 1998-5, the Yukon Energy Corporation is deferring revenues collected from this rate class until application to the benefit of ratepayers is directed by the Yukon Utilities Board.

14. Deferred revenue

	2003	**2002**
Deferred gain on fire insurance proceeds - capital assets (net of amortization $2,609 (2002 - $2,429))	$ 8,559	$ 8,516
Sustainable energy development funds	2,845	3,746
Deferred lease revenue	1	3
	$ 11,405	$ 12,265

The deferred gain on fire insurance proceeds-capital assets represents the gain resulting from insurance proceeds received in relation to the reconstruction of facilities in excess of net book value of assets destroyed by fire. The gain is being amortized to income at the same rate that the replacement assets are being amortized, as approved by the Yukon Utilities Board Order 2000-3.

In 1999 the Yukon Government provided $6,000,000 towards sustainable energy in the Yukon. Two 10 year programs were established totaling $4,000,000 for green power and energy conservation and efficiency initiatives. $2,000,000 was provided for a wind turbine that was built in 2000. Interest earned on these funds is recorded as deferred revenue.

15. Contributions in aid of construction

	Cost	Accumulated Amortization	**2003** Net book Value	2002 Net book Value
Contributions from customers since 1998	$ 1,744	$ 102	$ 1,642	$ 1,397
Pre - 1998 contributions	1,865	634	1,231	1,110
Government of Yukon contributions	2,080	348	1,732	1,849
	$ 5,689	**$ 1,084**	**$ 4,605**	$ 4,356

The sources of contributions recieved prior to 1998 were not recorded separately.

16. Pension costs and obligations

Yukon Energy Corporation has a defined benefit pension plan, which provides pensions based on length of service and final average earnings. The cost of pension benefits is determined using the projected benefits method, prorated on service, and reflects management's best estimates of investment returns, wage and salary increases, and age at retirement. Adjustments resulting from the plan enhancements, experience gains and losses, and changes in assumptions are amortized over the estimated average remaining service life of employees. Pension costs include the current cost of service and amortization of past service benefits and plan enhancements, and experience gains and losses. Amortization is on a straight-line basis over the expected average remaining service life of pension plan members, which is currently 16 years.

16. Pension costs and obligations - continued

Yukon Energy Corporation has contracted with external organizations to provide services of trustee, administrator and investment manager for the pension plan.

An actuarial valuation for funding purposes was performed as of January 1, 2001 by the consulting actuarial firm AON Consulting Inc. The results of the January 1, 2001 valuation have been projected to December 31, 2003 in accordance with generally accepted actuarial standards. The actuarial valuation includes services rendered by members under the Yukon Energy Corporation Employees Pension Plan from January 1, 1998 to December 31, 2003 and service credits in respect of pre-1998 service transferred to the Yukon Energy Corporation Employees Pension Plan from the Canadian Utilities Employees Pension Plan under the Acknowledgement and Agreement between Yukon Energy Corporation and the Yukon Electrical Company Ltd., dated February 5, 1999.

The fair value of the plan assets is based on market values as reported by Royal Trust as at December 31, 2003.

The following table sets out the assumptions and pension amounts as at December 31, 2003. The Corporation's employees had the option to belong to the Corporation's defined benefit pension plan or a Registered Retirement Savings Plan (RRSP). Employees joining the Corporation after January 1, 2002 can only join the RRSP. As at December 31, 2003, the Corporation's defined pension plan had 42 members, and the RRSP had 28 members.

Pension benefits are based on:

- years of pensionable service,
- the average annual earnings during any 5 consecutive years of pensionable service where earnings are the highest, and
- the average of the years maximum pensionable earnings (Canada Pension Plan) for the same 5-year period

Annual cost of living increases to a maximum of 3.00% are provided to pensioners. The Corporation contributes amounts as prescribed by an independent actuary.

Employees make contributions to the plan as follows:

- 3.5% of earnings up to the year's maximum pensionable earnings
- 5.0% of earnings in excess of year's maximum pensionable earnings to a maximum of $2,500 per year.

16. Pension costs and obligations - continued

Information about the company's defined benefit plan as at December 31, in aggregate, is as follows:

		2003		2002
Discount rate		6.50%		6.50%
Expected long-term rate of return on plan assets		7.00%		7.00%
Assumed rate of salary escalation		3.75%		3.75%
Expected average remaining service life of employees		16 years		16 years
Benefit obligation determined by actuarial valuation	$	6,241	$	5,516
Fair value of plan assets		4,827		4,018
Plan deficit	$	(1,414)	$	(1,498)
Accrued benefit liability	$	(424)	$	(223)
Pension expense	$	438	$	335
Employer contributions	$	237	$	207
Employee contributions	$	83	$	89
Benefits paid	$	43	$	64

The accrued benefit liability has been recorded on the Corporation's books of account and is included in accounts payable on the balance sheet at December 31, 2003.

17. Commitments and contingencies

(a) Mayo to Dawson City transmission line project

As discussed in note 10, Yukon Energy Corporation completed the construction of the Mayo to Dawson City transmission line project during 2003. Subsequent to energization of the line, Yukon Energy Corporation and the general contractor notified each other that they have numerous claims arising out of the agreement and the construction of the line. These claims total several million dollars on a net basis. To date, no legal action has commenced. The parties are documenting their claims and once the documentation is complete, they have agreed to meet to select an appropriate legal process to resolve the outstanding issues. To date, Yukon Energy Corporation has not received sufficient information to assess the Corporation's exposure.

(b) Federal Transfer Agreement

Most of the assets of Yukon Energy Corporation were purchased under a March 31, 1987 Agreement of Purchase and Sale between the Government of Canada ("Canada"), Yukon Energy Corporation, the Government of Yukon ("YTG") and Northern Canada Power Commission ("NCPC") (the "Transfer Agreement"). There are a number of claims that the Corporation has against Canada under the Transfer Agreement. Subsequent to year end, Canada made a demand on Yukon Energy Corporation under the Transfer Agreement more specifically in relation to amounts it alleges are owing to it under the Flex Term Note described in note 12. The various claims are described below:

17. Commitments and contingencies - continued

I. Canada's claims against Yukon Energy Corporation

(i) Claim on the Flexible Term Note
On March 5, 2004 Canada made a demand on Yukon Energy Corporation for an amount it alleges the Corporation owes pursuant to the Flex Term Note referred to in note 12. The Flex Term Note provides for payments of principal and interest to be deferred and abated if particular power sales are less than specified amounts set out in the Flex Term Note. Since 1998 when the Faro Mine shut down, Yukon Energy Corporation has paid the Government of Canada pursuant to the formula under the Agreement without including secondary sales (a program of sales at reduced rates on an interruptible basis). Pursuant to its demand letter, Canada has taken the position that secondary sales should be included in the calculation. Yukon Energy Corporation has informed Canada that it disputes Canada's claim. Canada's claim is for principal of $252,000, interest of $511,000 and penalty interest.

II. Yukon Energy Corporation claims against Canada

(i) Claim against Canada arising from requirement to obtain a fish authorization in relation to the Aishihik Facility
In January, 2004, Yukon Energy Corporation filed a Writ of Summons against Canada for damages caused by a breach of the Transfer Agreement arising from Canada's notification of the Corporation in May, 1999 that the Aishihik Facility required an authorization under the Fisheries Act. Yukon Energy Corporation alleges the requirement for a fish authorization was contrary to Canada's representations and warranties under the Transfer Agreement. More particularly it alleges it reasonably relied on warranties and representations given by Canada under the Transfer Agreement to the effect that Yukon Energy Corporation had all authorizations necessary for the generation of electricity from the Aishihik Facility. As a result, the Corporation incurred significant costs and expenses in negotiating and obtaining a Fisheries Act authorization for the Aishihik Facility and further, its ability to use the Aishihik Facility has been restricted by the terms of the authorization.

(ii) Soil contamination at the Whitehorse Facility
Yukon Energy Corporation has notified Canada of a claim it has for indemnification for expenditures it incurred on site restoration at the Whitehorse Rapids Dam site for hydrocarbon contamination caused by a diesel fuel spill which occurred in 1979 when Canada owned the facility. This contamination was discovered in 1999 and was remediated in 2000. The Corporation's claim for indemnification arises under the Transfer Agreement.

Yukon Energy Corporation has had numerous discussions with representatives of the Government of Canada in an effort to establish a process to resolve all of the outstanding claims under the Transfer Agreement. These discussions are at preliminary stage. The outcome and potential resolution of the various claims outlined above are not known at this time.

(c) Rate Stabilization Fund

On October 17, 2001, the Yukon Government announced the continuation of the Rate Stablization Fund until 2005 with the Yukon Development Corporation required by OIC 2001/147 to contribute up to $7,800,000 of internally generated funds before April 1, 2005. At December 31, 2003, Yukon Development Corporation had contributed $1,123,647.

18. Environmental liabilities

The Corporation's activities are subject to various federal and territorial laws and regulations governing the protection of the environment or to minimize any adverse impact thereon. The Corporation conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. Liabilities will be recorded when the occurrence of an environmental expenditure, related to present or past activities of the Corporation, is considered probable and the costs can be reasonably estimated. To date, no such specific liabilities have been recorded in the Corporation's accounts.

19. Comparative figures

Certain 2002 figures, which are presented for comparative purposes, have been reclassified to confirm with the current year's presentation.

20. Non-consolidated financial information

The nature and size of operations of the corporation and its subsidiaries, Yukon Energy Corporation and Energy Solutions Centre Inc., differ substantially. Audited financial statements of Yukon Energy Corporation and Energy Solutions Centre Inc. for the year ended December 31, 2003 are also prepared and included in Yukon Development Corporation's annual report.

YUKON LIQUOR CORPORATION

FINANCIAL STATEMENTS

March 31, 2004

(audited)

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of the Yukon Liquor Corporation is responsible for establishing and maintaining a system of books, records, internal controls and management practices designed to provide reasonable assurance that reliable financial information is produced; the assets of the Corporation are safeguarded and controlled; the transactions of the Corporation are in accordance with the relevant legislation, regulations and by-laws of the Corporation; the resources of the Corporation are managed efficiently and economically; and the operations of the Corporation are carried out effectively.

Management is also responsible for the integrity and objectivity of the financial statements of the Corporation. The financial statements as at March 31, 2004, which include amounts based on management's best estimates as determined through experience and judgement, are prepared in accordance with Canadian generally accepted accounting principles.

These financial statements have been independently audited by the Corporation's external auditor, the Auditor General of Canada, and her report is included in this report.

Marc Tremblay
President

Temes Cherinet
Director, Finance and Administration

June 10, 2004

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Executive Council Member responsible for the
Yukon Liquor Corporation

I have audited the balance sheet of the Yukon Liquor Corporation as at March 31, 2004 and the statements of income and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Liquor Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept and the financial statements are in agreement therewith, and the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Liquor Act* and regulations, the *Liquor Tax Act*, the *Financial Administration Act* and regulations and the by-laws of the Corporation.

Roger Simpson, FCA
Principal
for the Auditor General of Canada

Edmonton, Canada
June 10, 2004

YUKON LIQUOR CORPORATION
Balance Sheet
as at March 31, 2004

ASSETS

	2004	2003
	(thousands of dollars)	
Current		
Cash	$ 1,361	$ 1,323
Accounts receivable (Note 3)	56	49
Inventories	1,997	1,887
	3,414	3,259
Property, plant and equipment (Note 4 and Note 6)	2,613	2,958
	$ 6,027	$ 6,217

LIABILITIES & EQUITY

	2004	2003
Current		
Accounts payable (Note 3)	$ 1,612	$ 1,507
Due to the Government of the Yukon (Note 5)	1,031	865
Deferred revenue	97	89
	2,740	2,461
Employee severance benefits	674	798
	3,414	3,259
Equity (Note 6 and Note 4)	2,613	2,958
	$ 6,027	$ 6,217

Commitments (Note 9)

The accompanying notes are an integral part of the financial statements.

Approved by Management:

President

Director, Finance and Administration

YUKON LIQUOR CORPORATION
Statement of Income
for the year ended March 31, 2004

	2004	2003
	(thousands of dollars)	
Sales		
Beer	$ 11,422	$ 10,804
Spirits	6,573	6,382
Wine	3,207	2,966
	21,202	20,152
Cost of goods sold	10,163	9,654
Gross profit	11,039	10,498
Expenses		
Salaries and benefits	3,647	3,729
Rent, utililties and maintenance	786	757
Amortization	436	604
Cartage	265	230
Bank expenses	202	205
Travel and communications	135	121
Professional services	130	260
General and office supplies	109	206
Miscellaneous	29	24
Board expenses	19	19
	5,758	6,155
Operating income	5,281	4,343
Other income		
Fees, permits and licences	113	117
Miscellaneous	(23)	12
	90	129
Net Income	$ 5,371	$ 4,472

The accompanying notes are an integral part of the financial statements.

YUKON LIQUOR CORPORATION

Statement of Cash Flows

for the year ended March 31, 2004

	2004	2003
	(thousands of dollars)	
Cash provided by (used in):		
Operating activities		
Net income for the year	$ 5,371	$ 4,472
Adjustment for non-cash items:		
Amortization of property, plant and equipment	436	604
(Increase) decrease in accounts receivable	(7)	93
(Increase) in inventories	(110)	(70)
Increase in due to the Government of the Yukon	166	561
Increase in accounts payable	105	141
Increase (decrease) in deferred revenue	8	(4)
(Decrease) increase in accrued employee severance benefits	(124)	23
	5,845	5,820
Investing activities:		
Acquisition of property, plant and equipment	(91)	(685)
Financing activities:		
Adjusted net income due to the Government of the Yukon	(5,716)	(4,391)
Increase in cash during the year	38	744
Cash at the beginning of the year	1,323	579
Cash at the end of the year	$ 1,361	$ 1,323

The accompanying notes are an integral part of the financial statements.

1. Authority and Operations

The Corporation, established in 1977, under the *Liquor Act*, is responsible for the purchase, distribution and sale of liquor within the Territory. It is responsible for controlling the sale of liquor through licensed outlets and enforcing all matters related to the *Act*.

In accordance with the *Liquor Act*, the net income for the year, before amortization, less amounts expended on property, plant and equipment, is remitted to the Government of the Yukon on a monthly basis.

The Corporation is required by the *Liquor Tax Act* to collect liquor taxes on behalf of the Government of the Yukon and to remit these taxes on a monthly basis. The current rate is 12%, and is applied on the amount the Corporation would otherwise charge for its products.

In accordance with the provisions of the *Beverage Container Regulations* under the *Environment Act*, the Corporation collects various beverage container deposits and recycling surcharges on the sale of its products. These amounts are remitted to the Recycling Fund on a monthly basis after deducting deposit refunds paid and fees earned under the program.

The employees of the Corporation are paid by the Government of the Yukon. The Corporation reimburses the Government on a monthly basis for salaries and benefits expenses paid.

2. Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The more significant accounting policies are as follows:

Inventories

Inventories are comprised of alcoholic beverages for resale and are valued at the lower of landed cost at Whitehorse, or market.

Amortization

Amortization of property, plant and equipment owned by the Corporation is calculated using the straight-line method over the estimated useful life of the assets as follows:

Buildings	20 years
Furniture and office equipment	5 years
Equipment	5 years
Systems equipment and software	3 years
Leasehold improvements	4 years or remaining term of lease

Employee severance benefits

Non-pension benefits

Under the conditions of employment, employees may qualify and earn employment benefits for vacation, sick, compensatory and personal leave, travel bonus, and severance benefits. The benefit obligation was determined on an actuarial basis. The key assumptions used were a liability discount rate of 6% and an annual rate of general salary escalation of 2.5%. The obligation for vacation leave, sick leave, and severance benefits were calculated using the projected benefit method pro-rated on service. The remainder was calculated assuming all employees would receive the benefits on valuation date.

Pension benefits

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Corporation's contribution to the Plan reflects the full cost of the employer contribution. This amount is currently based on a multiple of the employee's required contributions, and may change from time to time depending on the experience of the Plan. These contributions represent the total pension

2. Accounting Policies (continued)

obligations of the Corporation and are charged to operations on a current basis. The Corporation is not currently required to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

Services provided without charge

The Corporation does not record the value of services it receives or provides without charge. These services include the following:

- property, plant and equipment such as liquor store buildings, store and warehouse improvements, furniture and equipment acquired by the Government of the Yukon until March 31, 1990 for use by the Corporation, see (Note 4b);
- services, primarily accommodation, provided by the Government of the Yukon;
- services provided by the Corporation to the Government in its capacity of Territorial Agent in localities outside of Whitehorse; and
- annual audit provided by the Office of the Auditor General of Canada.

Use of estimates

The preparation of the financial statements in accordance with Canadian generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amount of revenues and expenses during the reporting year. This mainly affects employee severance benefits. Actual results could differ materially from these estimates. At the time of preparation of these statements, the Corporation believes the estimates and assumptions to be reasonable.

3. Fair Values of Financial Instruments

Accounts receivable, accounts payable and the amount due to the Government of the Yukon are incurred in the normal course of business. All are due on demand and are non-interest bearing. The carrying amounts of each approximate fair values because of their short maturity.

4. Property, Plant and Equipment

a) Property, plant and equipment purchased by the Corporation after March 31, 1990 are as follows:

	2004			2003
	Cost	Accumulated Amortization	Net book Value	Net book Value
		(thousands of dollars)		
Land	$ 268	$ 0	$ 268	$ 268
Buildings	4,756	2,750	2,006	2,224
Equipment	389	336	53	78
Systems equipment and software	596	572	24	50
Leasehold improvements	395	160	235	322
Furniture and office equipment	92	65	27	16
	$ 6,496	$ 3,883	$ 2,613	$ 2,958

4. Property, Plant and Equipment (continued)

b) The un-amortized cost of property, plant and equipment acquired by the Government of the Yukon until March 31, 1990 and held by the Corporation is as follows:

	2004	2003
	(thousands of dollars)	
Liquor store buildings	$ 978	$ 978
Store and warehouse improvements	1,167	1,167
Equipment	375	375
Furniture and office equipment	104	104
	$ 2,624	$ 2,624

5. Due to the Government of the Yukon

	2004	2003
	(thousands of dollars)	
Adjusted net income due (remitted in advance) (Note 7a)	$ (148)	$ 111
Reimbursements due for salaries paid to employees on behalf of the Corporation	889	547
Liquor tax (Note 7b)	180	155
Net remittances due to the Recycling Fund	110	52
Net due at the end of the year	$ 1,031	$ 865

6. Equity

This amount represents the sum of the net book value of property, plant and equipment purchased by the Corporation after March 31, 1990, $2,613,000 (2003 - $2,958,000) which the Government of the Yukon has provided to the Yukon Liquor Corporation on a cumulative basis.

7. Related party transactions

a) **Adjusted Net Income**
Calculation of adjusted net income due to the Government of the Yukon for the year (Note 1):

	2004	2003
	(thousands of dollars)	
Balance due at the beginning of the year	$ 111	$ (300)
Net income	5,371	4,472
Capital expenditures	(91)	(685)
Property, plant and equipment amortization	436	604
Adjusted net income due to the Government of the Yukon	5,716	4,391
Less: remitted during the year	(5,975)	(3,980)
Balance due (remitted in advance) at the end of the year (Note 5)	$ (148)	$ 111

7. Related party transactions (continued)

b) Liquor tax
Liquor tax collected and due to the Government of the Yukon for the year (Note 1):

	2004	2003
	(thousands of dollars)	
Balance due at the beginning of the year	$ 155	$ 142
Liquor tax collected during the year	2,544	2,418
Less: remitted during the year	(2,519)	(2,405)
Balance due at the end of the year	$ 180	$ 155

c) Other transactions
The value of services provided without charge by the Government of the Yukon to the Corporation is estimated to be $565,000 (2003 - $553,000). The value of services provided without charge by the Corporation to the Government is estimated to be $471,000 (2003 - $389,000). These transactions were not included in the financial statements of the Corporation.

8. Pensions

During the year, the Corporation was required to contribute 2.14 times the employees' contributions to the Public Service Superannuation Account.

	2004	2003
	(thousands of dollars)	
Employer Contribution	$235	$244
Employees' Contribution	110	113
Total	$345	$357

9. Commitments

The Corporation has the following commitments for annual rentals of leased premises:

Fiscal	Whitehorse Store	Other Retail Stores
2005	207,219	131,587
2006	207,219	68,775
2007	17,268	68,775
2008	-	51,581
2009	-	-

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YUKON GOVERNMENT FUND LIMITED

FINANCIAL STATEMENTS

December 31, 2003

(audited)

CHARTERED ACCOUNTANTS

MacKay LLP

mackay.ca

Auditors' Report

To the Directors of
Yukon Government Fund Limited

We have audited the balance sheet of Yukon Government Fund Limited as at December 31, 2003 and the statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2003 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Whitehorse, Yukon

February 19, 2004

MacKay LLP

Chartered Accountants

Yukon Government Fund Limited

Balance Sheet

As at December 31,	2003	2002
Assets		
Current		
Cash	$ 1,667,630	$ 904,637
Short-term investment (note 6)	-	247,165
Interest receivable (notes 8 and 9)	76,536	76,768
	1,744,166	1,228,570
Deferred costs (note 7)	-	23,584
Restricted cash (note 5)	3,000,000	3,000,000
Deferred distribution fees (note 7)	428,000	668,000
Due from 19596 Yukon Ltd. (notes 8 and 9)	10,500,000	10,500,000
	$ 15,672,166	$ 15,420,154
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 13,544	$ 14,394
Due to the Government of the Yukon (notes 7 and 10)	116,054	116,054
Due to Investors (note 11)	15,000,000	15,000,000
	15,129,598	15,130,448
Shareholder's Equity		
Share capital (note 12)	100	100
Retained earnings	542,468	289,606
	542,568	289,706
	$ 15,672,166	$ 15,420,154

Approved by the Directors

Director

Director

Yukon Government Fund Limited

Statement of Operations and Retained Earnings

For the year ended December 31,	2003	2002
Revenue	$ 913,920	$ 882,678
Expenses		
Amortization of deferred costs and distribution fees (note 7)	263,584	263,644
Interest paid to investors	300,000	299,041
Reporting fees	90,000	89,798
Professional fees	7,474	6,423
Supplies	-	(119)
Bank charges and interest	-	53
	661,058	658,840
Net income	252,862	223,838
Retained earnings, beginning of year	289,606	65,768
Retained earnings, end of year	$ 542,468	$ 289,606

Yukon Government Fund Limited

Statement of Cash Flows

For the year ended December 31,	2003	2002
Cash flows from		
Operating activities		
Net income	$ 252,862	$ 223,838
Items not affecting cash		
Amortization	263,584	263,644
Change in non-cash working capital		
Distribution fees	-	(140,000)
Interest receivable	232	(18,186)
Due to the Government of the Yukon	-	(119)
Accounts payable and accrued liabilities	(850)	940
	515,828	330,117
Financing activities		
Increase in due to investors	-	1,750,000
Investing activities		
Increase in loans	-	(1,225,000)
Increase in short-term investment	247,165	(247,165)
	247,165	(1,472,165)
Increase in cash	**762,993**	607,952
Cash, beginning of year	**3,904,637**	3,296,685
Cash, end of year	**$ 4,667,630**	$ 3,904,637

Cash represented by:		
Cash	**$ 1,667,630**	$ 904,637
Restricted Cash	**3,000,000**	3,000,000
	$ 4,667,630	$ 3,904,637

1. Incorporation and Basis of Presentation

Yukon Government Fund Limited ("the Company") is incorporated under the Business Corporations Act (Yukon). The Company is wholly owned by the Government of the Yukon ("the Government").

2. Purpose

The Company is a Government administered venture capital fund pursuant to the Immigration Regulations, 1978 (Canada), as amended ("the Regulations"). Under the Regulations the purpose of the Company is to invest in the active business operations of at least two eligible businesses.

The Company provides loan and equity capital to establish, expand, purchase, maintain or revitalize business or commercial ventures in the Yukon Territory which comply with the Regulations and are of significant economic benefit to the Yukon Territory, including creation or continuation of employment opportunities for Canadian citizens or permanent residents other than the investor and his/her dependents.

3. Accounting Policies

The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

(a) Income taxes

The corporation is wholly owned by the Government and, therefore, is exempt from income taxes.

(b) Financial instruments

All significant financial assets, financial liabilities and equity instruments of the company are either recognized or disclosed in the financial statements together with available information for a reasonable assessment of future cash flows, interest rate risk and credit risk.

(c) Short-term investment

Short-term investments are recorded at the lower of cost and market value.

4. Offering Memorandum

On January 4, 1999 the company finalized a Confidential Offering Memorandum for filing with the Business Immigration Division, Department of Citizenship and Immigration, Canada, Government of Canada. The maximum and minimum amounts of the offering were $30,000,000 (120 units), and $3,000,000 (12 units) respectively. The Company has committed to use the proceeds of the offering to invest in eligible businesses in the Yukon. The offering expired on March 31, 1999.

Proceeds from the sale of units will be held in trust by the escrow agent until a closing and may be released from escrow providing certain conditions are met.

The balance held in escrow, as at December 31, 2003 is $ 148,219 (2002 - $ 224,995).

5. Restricted Cash

The terms of the confidential offering memorandum requires that 20% of the subscription proceeds be placed in an account to be used to repay investors who may ultimately be rejected for issuance of an immigrant visa.

6. Short-term Investment

The short-term investment is a bankers acceptance, with a principal amount of $ 0 (2002 - $247,165), yielding interest at 2.3%, and matured December 24, 2003.

7. Deferred Costs and Distribution Fees

Legal fees and other expenditures related to the incorporation and issuance of the Confidential Offering Memorandum (note 4) have been deferred and are being amortized over 5 years, the initial term of the investments.

The Government of the Yukon has advanced funds to cover these expenses. A portion of the proceeds of the offering will be used to repay the government.

Distribution fees of 8% of the subscription proceeds have been deferred and amortized over the terms of the investments (5 years).

	Cost	Accumulated Amortization	**2003** Net Book Value	2002 Net Book Value
Deferred costs	$ 118,220	$ 118,220	$ -	$ 23,584
Deferred distribution fees	$ 1,200,000	$ 772,000	**$ 428,000**	$ 668,000

8. Due from 19596 Yukon Ltd.

	2003	2002
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, receivable monthly. Receivable 60 months after advance, maturing May 1, 2005. Secured by promissory note and a security agreement over equipment.	$ 1,750,000	$ 1,750,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, receivable monthly. Receivable 60 months after advance, maturing October 20, 2005. Secured by promissory note and a security agreement over equipment.	1,750,000	1,750,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, receivable monthly. Receivable 60 months after advance, maturing January 22, 2006. Secured by promissory note and a security agreement over equipment.	1,750,000	1,750,000
Carried forward	**$ 5,250,000**	$ 5,250,000

8. Due from 19596 Yukon Ltd. (continued)	**2003**	2002
Balance forward	**$ 5,250,000**	$ 5,250,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, receivable monthly. Receivable 60 months after advance, maturing May 18, 2006. Secured by promissory note and a security agreement over equipment.	1,925,000	1,925,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, receivable monthly. Receivable 60 months after advance, maturing July 20, 2006. Secured by promissory note and a security agreement over equipment.	1,575,000	1,575,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, receivable monthly. Receivable 60 months after advance, maturing September 21, 2006. Secured by promissory note and a security agreement over equipment.	525,000	525,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, receivable monthly. Receivable 60 months after advance, maturing January 10, 2007. Secured by promissory note and a security agreement over equipment.	1,225,000	1,225,000
	$ 10,500,000	$ 10,500,000

9. Related Party Transactions

Interest receivable of $ 66,319 (2002 - $ 66,319) is payable by 19596 Yukon Ltd., a company with significant common influence. At December 31, 2003, 19596 Yukon Ltd. owed $ 10,500,000 (2002 - $ 10,500,000) to the Company.

10. Due to the Government of the Yukon

The amount due to the shareholder is unsecured and due on demand. However, the shareholder has indicated that it will not request payment until the amount due to investors is repaid. Consequently, this item has been classified as a long-term liability in the accompanying financial statements.

11. Due to Investors	**2003**	2002
Term loans from ten individual investors ($250,000 each) bearing interest at 2% payable annually, repayable 180 days after maturity, maturing May 5, 2005.	$ 2,500,000	$ 2,500,000
Term loans from ten individual investors ($250,000 each) bearing interest at 2% payable annually, repayable 180 days after maturity, maturing October 20, 2005.	2,500,000	2,500,000
Term loans from ten individual investors ($250,000 each) bearing interest at 2% payable annually, repayable 180 days after maturity, maturing January 17, 2006.	2,500,000	2,500,000
Term loans from nine individual investors ($250,000 each) bearing interest at 2% payable annually, repayable 180 days after maturity, maturing May 14, 2006.	2,250,000	2,500,000
Term loans from nine individual investors ($250,000 each) bearing interest at 2% payable annually, repayable 180 days after maturity, maturing July 18, 2006.	2,250,000	2,250,000
Term loans from three individual investors ($250,000 each) bearing interest at 2% payable annually, repayable 180 days after maturity, maturing September 21, 2006.	750,000	750,000
Term loans from seven individual investors ($250,000 each) bearing interest at 2% payable annually, repayable 180 days after maturity, maturing January 10, 2007.	1,750,000	1,750,000
Term loans from one individual investor ($250,000 each) bearing interest at 2% payable annually, repayable 180 days after maturity, maturing July 30, 2007.	250,000	250,000
Term Loans from one individual investor ($250,000 each) bearing interest at 2% payable annually, repayable 180 days after maturity, maturing July 15, 2008.	250,000	-
	$ 15,000,000	$ 15,000,000

The amount due to investors is repayable annually as follows:

2005	$ 5,000,000
2006	7,750,000
2007	2,000,000
2008	250,000
	$ 15,000,000

12. Share Capital

Share capital consists of the following:

Authorized
Unlimited number of shares without nominal or par value.

	2003	2002
Issued		
100 common shares	**$ 100**	$ 100

No dividends, share repurchases or return of capital shall be paid at any time when the Company has outstanding debt obligations to investors. Subject to this restriction, the holders of shares shall have all the rights of a shareholder under the Business Corporations Act, including the right to vote. No shares shall be transferred without the prior consent of the Government.

19596 YUKON INC.

FINANCIAL STATEMENTS

December 31, 2003

(unaudited)

CHARTERED ACCOUNTANTS

MacKay LLP

mackay.ca

Review Engagement Report

To the Directors of
19596 Yukon Inc.

We have reviewed the balance sheet of 19596 Yukon Inc. as at December 31, 2003 and the statements of operations and retained earnings and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

Whitehorse, Yukon

March 25, 2004

MacKay LLP

Chartered Accountants

19596 Yukon Inc.

Balance Sheet
(Unaudited - see Review Engagement Report)

As at December 31,	2003	2002
Assets		
Current		
Bank	$ 1,092	$ 111,274
Accounts receivable	153,583	2,000
Income taxes receivable	83,516	200,810
	238,191	314,084
Restricted cash (note 5)	**3,695,132**	2,741,705
Property and equipment (note 2)	**6,820,323**	7,842,386
	$ 10,753,646	$ 10,898,175
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 99,214	$ 80,198
Due to shareholders	17,655	66,000
	116,869	146,198
Due to Yukon Government Fund Limited (note 3)	**10,500,000**	10,500,000
	10,616,869	10,646,198
Shareholders' Equity		
Share capital (note 6)	**200**	200
Retained earnings	**136,577**	251,777
	136,777	251,977
	$ 10,753,646	$ 10,898,175

Approved by the Directors

_______________ Director _______________ Director

_______________ DIRECTOR

19596 Yukon Inc.

Statement of Operations and Retained Earnings
(Unaudited - see Review Engagement Report)

For the year ended December 31,	2003	2002
Revenue		
Equipment lease	$ 1,700,000	$ 1,700,000
Interest income	87,660	58,793
	1,787,660	1,758,793
Expenses		
Amortization	1,143,551	1,319,248
Bank charges and interest	89	85
Interest on long-term debt	795,827	793,776
Management fees	34,023	75,345
Professional fees	12,886	25,393
	1,986,376	2,213,847
Loss before income taxes	(198,716)	(455,054)
Income taxes (recovery)	(83,516)	(202,267)
Net loss	(115,200)	(252,787)
Retained earnings, beginning of year	251,777	504,564
Retained earnings, end of year	$ 136,577	$ 251,777

19596 Yukon Inc.

Statement of Cash Flows
(Unaudited - see Review Engagement Report)

For the year ended December 31,	2003	2002
Cash provided by (used in)		
Operating activities		
Net loss	$ (115,200)	$ (252,787)
Item not affecting cash		
Amortization	1,143,551	1,319,248
Change in non-cash operating working capital		
Accounts receivable	(151,583)	48,785
Income taxes receivable	117,294	(139,600)
Accounts payable and accrued liabilities	19,016	(72,876)
Due to shareholders	(48,345)	(280,500)
	964,733	622,270
Financing activities		
Increase in long-term debt	-	1,225,000
Investing activities		
Property and equipment purchased	(121,488)	(719,021)
Increase in restricted cash	(953,427)	(1,087,926)
	(1,074,915)	(1,806,947)
Increase (decrease) in cash	**(110,182)**	40,323
Cash, beginning of year	**111,274**	70,951
Cash, end of year	**$ 1,092**	$ 111,274

19596 Yukon Inc.

Notes to Financial Statements
(Unaudited - see Review Engagement Report)

December 31, 2003

1. Accounting Policies

The company is incorporated under the laws of the Yukon Territory and its major activity is the leasing of communications equipment. The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

(a) **Financial instruments**
All significant financial assets, financial liabilities and equity instruments of the company are either recognized or disclosed in the financial statements together with available information for a reasonable assessment of future cash flows, interest rate risk and credit risk.

(b) **Property and equipment**
Property and equipment are recorded at cost. Amortization is calculated by the declining balance method at the annual rates set out in note 2.

(c) **Income taxes**
Income taxes are accounted for using the future income tax method.

2. Property and Equipment

			2003		2002
	Rate	Cost	Accumulated Amortization	Net book Value	Net book Value
Equipment	20%	$ 2,247,436	$ 993,552	$ 1,253,884	$ 1,560,056
Communication Equipment	20%	1,896,057	879,522	1,016,535	1,141,293
Satellite	20%	1,123,596	498,870	624,726	780,907
Structures & improvements	4%	1,649,466	175,114	1,474,352	1,535,784
Fiber Cable	12%	3,046,820	899,680	2,147,140	2,439,932
Roads	8%	175,404	31,443	143,961	156,480
Routers	30%	482,238	324,631	157,607	225,153
Computer Equipment	30%	2,568	1,819	749	1,070
Office Furniture	20%	2,971	1,602	1,369	1,711
		$ 10,626,556	$ 3,806,233	**$ 6,820,323**	$ 7,842,386

3. Due to Yukon Government Fund Limited	2003	2002
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, payable monthly. Repayable 60 months after advance, maturing May 1, 2005. Secured by promissory note and a security agreement over equipment.	$ 1,750,000	$ 1,750,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, payable monthly. Repayable 60 months after advance, maturing October 20, 2005. Secured by promissory note and a security agreement over equipment.	1,750,000	1,750,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, payable monthly. Repayable 60 months after advance, maturing January 22, 2006. Secured by promissory note and a security agreement over equipment.	1,750,000	1,750,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, payable monthly. Repayable 60 months after advance, maturing May 18, 2006. Secured by promissory note and a security agreement over equipment.	1,925,000	1,925,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, payable monthly. Repayable 60 months after advance, maturing July 20, 2006. Secured by promissory note and a security agreement over equipment.	1,575,000	1,575,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, payable monthly. Repayable 60 months after advance, maturing September 21, 2006. Secured by promissory note and a security agreement over equipment.	525,000	525,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, payable monthly. Repayable 60 months after advance, maturing January 10, 2007. Secured by promissory note and a security agreement over equipment.	1,225,000	1,225,000
	$ 10,500,000	$ 10,500,000

Due to Yukon Government Fund Limited (continued)

Estimated annual repayments of the loans payable are as follows:

2005	$ 3,500,000
2006	5,775,000
2007	1,225,000
	$ 10,500,000

4. Related Party Transactions

During the year, the Company borrowed $ nil (2002 - $1,225,000) from Yukon Government Fund Limited, a company with significant common influence. The company paid management fees to its parent company of $17,523 (2002-$9,346) and $16,500 (2002-$66,000) to Government of Yukon , a shareholder in the company. The company received $1,700,000 in lease revenue from Northwestel, a shareholder in the company.

5. Restricted cash

Restricted cash represents equipment lease funds deposited into a trust account with HSBC Bank Canada. These funds are to be used to pay amounts owing to Yukon Government Fund Limited, to pay GST to the appropriate government agency, and audit, legal, and other fees incurred by 19596 Yukon Inc. in connection with the transactions contemplated by the loan agreement with Yukon Government Fund Limited, the equipment lease and the procurement agreement.

6. Share Capital

Authorized

Unlimited number of shares without nominal or par value

	2003	2002
Issued		
200 common shares	$ 200	$ 200

COMPENSATION FUND (YUKON)

FINANCIAL STATEMENTS

December 31, 2003

(audited)

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of the Yukon Workers' Compensation Health and Safety Board (the board) is responsible for establishing and maintaining a system of books, records, internal controls and management practices designed to provide reasonable assurance that reliable financial information is produced; Compensation Fund assets are safeguarded and controlled; transactions of the Compensation Fund are in accordance with relevant legislation, regulations and board policies; and that the board resources are managed efficiently and economically and the operations of the board are carried out effectively.

Management is also responsible for the integrity and objectivity of the financial statements of the Compensation Fund. The financial statements as at December 31, 2003, which include amounts based on management's best estimates as determined through experience and judgement, are in accordance with Canadian generally accepted accounting principles. Other financial information included in the Annual Report is consistent with these financial statements.

Board members (the Board) are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Finance, Investment, and Audit Committee. The Finance, Investment, and Audit Committee has reviewed the financial statements and has submitted its report to the Board, which has approved these financial statements.

The Auditor General of Canada conducts an independent audit for the purpose of expressing her opinion on the financial statements. She also considers whether the transactions that come to her notice in the course of the audit are, in all significant respects, in accordance with specified legislation.

Hewitt Associates, an independent consulting actuarial firm, has been engaged to provide an opinion of the adequacy and appropriateness of actuarial valuations of the benefits liability of the Compensation Fund.

Tony Armstrong
President and Chief Executive Officer

Jim Stephens, CMA,CGA
A/Vice President, Operations
and Chief Financial Officer

April 30, 2004

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Honourable Peter Jenkins,
Minister responsible for the Compensation Fund

I have audited the balance sheet of the Compensation Fund as at December 31, 2003 and the statements of operations and reserves and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Compensation Fund as at December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Workers' Compensation Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Fund that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Workers' Compensation Act* and regulations, the *Occupational Health and Safety Act* and regulations and the *Financial Administration Act* and regulations.

Ronald C. Thompson, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
April 30, 2004

Compensation Fund
Balance Sheet
As at December 31

	2003 ($000s)	2002 ($000s)
Assets		
Accounts receivable (note 3)	$ 1,218	$ 1,698
Investments (note 4)	123,440	128,871
Property and equipment (note 5)	3,920	3,741
	$ 128,578	$ 134,310
Liabilities and Reserves		
Bank overdraft (note 9)	$ 933	$ 682
Accounts payable (note 3)	4,001	3,535
Benefits liability (note 6)	89,673	95,022
Total liabilities	94,607	99,239
Reserves (note 7)	33,971	35,071
	$ 128,578	$ 134,310

Commitments and Contingencies (note 10, 11)

The accompanying notes are an integral part of the financial statements.

Approved by the Yukon Workers' Compensation Health & Safety Board

Chair
Craig Tuton

Compensation Fund
Statement of Operations and Reserves
For the year ended December 31

	2003 ($000s)	2002 ($000s)
Revenue		
Assessments	$ 8,428	$ 7,749
Investment (note 4)	5,102	4,590
Recoveries and miscellaneous	477	421
	14,007	12,760
Expenses		
Claims expenses (note 6)	15,703	29,465
Administration and prevention (note 12)		
Administration	5,697	5,662
Occupational health and safety	1,008	907
Workers' Advocate	378	343
Appeal Tribunal	187	179
Employer Consultant	137	80
Congress 2004	102	-
Contractor Safety	42	-
Act Review	33	-
Business process improvement costs (note 5)	156	603
Total expenditures	23,443	37,239
Operating deficit for the year	(9,436)	(24,479)
Effect of change in assumptions (note 6)	8,336	-
Final operating deficit	(1,100)	(24,479)
Reserves, beginning of year	35,071	59,550
Reserves, end of year (note 7)	$ 33,971	$ 35,071

The accompanying notes are an integral part of the financial statements.

Compensation Fund
Statement of Cash Flows
For the year ended December 31

	2003 ($000s)	2002 ($000s)
Cash flows from operating activities		
Cash received from:		
Employers, for assessments	$ 8,515	$ 7,477
Recoveries and miscellaneous	887	519
Investment revenue	5,276	6,114
	14,678	14,110
Cash paid to:		
Claimants or third parties on their behalf	(12,718)	(12,766)
Suppliers, for administrative and other goods and services	(7,023)	(7,924)
	(19,741)	(20,690)
Cash used in operating activities	(5,063)	(6,580)
Cash flows from investing activities		
Sales and maturities of investments	113,798	433,024
Proceeds on disposal of capital assets	1	1
Purchases of investments	(108,541)	(426,245)
Purchases of capital assets	(446)	(807)
Cash provided by investing activities	4,812	5,973
Net decrease in cash	(251)	(607)
Bank overdraft, beginning of year	(682)	(75)
Bank overdraft, end of year	$ (933)	$ (682)

The accompanying notes are an integral part of the financial statements.

1. Nature of Operations

The Compensation Fund (the Fund) was established by the *Workers' Compensation Act* and is administered by the Yukon Workers' Compensation Health and Safety Board (the board) pursuant to the Act. The Fund, as administered by the board, provides compensation for injury or death by accident arising out of and in the course of employment. Annual assessments are levied upon employers, usually on the basis of their reported assessable payrolls. The assessment and investment revenue pays for all of the claims, administration and prevention expenses. In 1992, the board was made responsible for the administration of the *Occupational Health and Safety Act* and regulations to advance strategies for preventing workplace injuries in the territory.

2. Significant Accounting Policies

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The more significant accounting policies are as follows:

(a) Benefits liability

The benefits liability represents the actuarial present value of all future benefit payments expected to be made for claims which have occurred in the current fiscal year or in any prior year. The benefits liability includes a provision for future payments on claims that have not been finalized to date. It also includes a provision for all benefits provided by current legislation, policies and administrative practices in respect of existing claims. These claims are discounted to a present value at a real interest rate of 3.5%. No provision has been made for claims related to known latent occupational diseases where the claim has not yet been reported and the year of disablement would be in a subsequent period.

The benefits liability is comprised of three liabilities for medical aid and compensation, pension, and annuity:

> Medical aid and compensation includes benefits for medical aid, compensation for loss of earnings and personal property, lump sum payments for permanent impairment, rehabilitation assistance, emergency transportation, traditional aboriginal healing, and death and funeral expenses.
>
> The pension liability includes monthly pension benefits indexed annually that are paid to spouses, dependent children and guardians of dependent children of those who die from a work-related injury.
>
> The annuity liability is for workers who have received compensation for the same disability for at least 24 months. Ten percent of the total compensation payments, plus interest, is set aside to provide a retirement annuity at sixty-five years of age.

(b) Allocation of reserves

The reserves are comprised of a prevention and benefit enhancement reserve, a target reserve, and a rate transition reserve. Once the benefits liability is determined, the remaining difference between the Fund's assets and liabilities is credited to reserves.

2. Significant Accounting Policies (continued)

(b) Allocation of reserves (continued)

The total available for reserves is allocated as follows:

(i) Prevention and benefit enhancement reserve - the initial amount identified as at December 31, 1997 will be credited with interest at the same rate as the annuity liability

(ii) The target reserve has three components, funded as follows:

Catastrophic claims - 200 times the maximum wage rate

Adverse claims experience - 16% of the unsubsidized assessment revenue plus 12% of the benefits liability

Occupational disease and enhanced disabilities including latent occupational diseases - 7% of the benefits liability

(iii) Rate Transition Reserve - The rate transition reserve will be the balance in excess of the other reserves. If there is no excess then the balance will be zero and the overall deficiency in reserves will be identified.

(c) Investments

The objective of the board's investment policy is to ensure that funds are available to satisfy the liabilities. A portion of the investments is designated to match the benefits liability.

The board changed the amortization period for the deferral of gains and losses realized on the disposal of fixed-term investments in 2003 to align with the current industry standard used by other Canadian Compensation Funds. Previously, the amortization period extended over the life of the bond. The change was treated prospectively as required under current Canadian generally accepted accounting principles.

Fixed-term investments, having terms greater than one year, consisting primarily of bonds, are recorded at cost, net of amortization of premiums/discounts on purchase. Net realized gains and losses on disposal of fixed-term investments during the year are deferred and amortized on a straight line basis over a five-year period.

Fixed-term investments, having terms less than or equal to one year, consisting primarily of treasury bills, are recorded at amortized cost. Gains and losses realized on disposal of these investments are recognized in the year of disposition.

Equity investments are carried at cost plus a moving average market method adjustment to amortize unrealized gains and losses over a five-year period. Net realized gains or losses on the disposal of equity investments are deferred and amortized on a straight-line basis over five years.

Investments denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the end of the year. Revenue from investments is translated at the rate in effect at the time of receipt. Exchange gains and losses resulting from the translation of foreign currency balances and transactions are amortized into investment income over a five-year period.

The carrying value of an investment portfolio is written down to its market value when a permanent decline is deemed to have occurred and a provision for the loss in value is included in income in the same period.

2. Significant Accounting Policies (continued)

(d) Assessments

Assessment revenue is calculated on actual or estimated payrolls as reported by the employer, or on provisional assessments as determined by the board. Separate rates of assessment are established for each industry classification.

In addition, the board administers the Government of Yukon employees' compensation claims related to injuries prior to January 1, 1993 when the Government was a self-insured employer. The Fund receives reimbursement for the claim costs and related administrative expenses of those employees (Note 9).

(e) Supplementary compensation benefits

Supplementary compensation benefits are granted, pursuant to the Yukon Workers' Compensation Supplementary Benefits Ordinance, to all persons receiving compensation on or after October 1, 1973 for accidents prior to that date. Compensation is increased to the amount that would have been granted had the accident occurred after the Act came into force. The cost of these benefits is recovered from the Yukon Consolidated Revenue Fund (Note 9).

(f) Third party subrogated claims

In certain limited circumstances, under section 56 of the *Workers' Compensation Act*, the board is deemed to be an assignee of a cause of action in respect of a claimant's disability. The claimant receives 25% of any settlement received after deducting all the costs of the action. This is over and above any future benefits entitlement. The remaining amount is used to offset future claims benefits, which were previously expensed in accordance with actuarial calculations, and which were previously incorporated in the benefits liability.

Revenue received from third party subrogated claims is recorded in the year the settlement occurs. No provision is made in the benefits liability for possible future subrogated recoveries because of their contingent nature.

(g) Property and equipment

Property and equipment are carried at cost less accumulated amortization. Amortization is calculated on the straight-line method, using rates based on the estimated useful life of the assets as follows:

Buildings	40 years
Furniture and equipment	5 to 10 years
Computer systems and equipment	3 years
Systems development	5 to 10 years

(h) Employee future benefits

Non-pension Benefits

Under conditions of employment, employees may qualify and earn employment benefits for vacation, sick, compensatory and personal leave, travel bonus, and severance benefits. The benefit obligation is determined on an actuarial basis. The key assumptions used are a liability discount rate of 7% and an annual rate of general escalation of 3%. The obligation for vacation leave, sick leave, and severance benefits are calculated using the projected benefit method prorated on service. The remainder is calculated assuming all employees receive the benefits on valuation date.

2. Significant Accounting Policies (continued)

(h) Employee future benefits (continued)

Pension Benefits

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The board's contribution to the Plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employees' required contributions, and may change from time to time depending on the experience of the Plan. These contributions represent the total pension obligations of the board and are charged to operations on a current basis. The board is not currently required to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account (PSSA).

(i) Use of estimates

The preparation of financial statements in accordance with the Canadian generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. This mainly affects claims expenses, benefits liability and the reserves. Actual results could differ materially from these estimates.

3. Accounts Receivable and Accounts Payable

	2003 ($000s)	2002 ($000s)
Receivable		
Assessments	$ 718	$ 790
Government of Yukon (Note 9)	435	$ 811
Other receivables	65	97
	$ 1,218	$ 1,698
Payable		
Assessments	$ 339	$ 324
Government of Yukon (Note 9)	1,364	1,091
Other payables	2,298	2,120
	$ 4,001	$ 3,535

4. Investments and Investment Revenue

	2003 ($000s)		2002 ($000s)	
	Carrying Value	Market Value	Carrying Value	Market Value
(a) Fixed-term securities				
Federal Bonds	$ 22,903	$ 23,372	$ 21,082	$ 21,846
Provincial Bonds	9,221	9,671	8,678	9,133
Corporate Bonds	27,467	28,903	30,416	31,709
Municipal Bonds	880	912	652	677
	60,471	62,858	60,828	63,365
Equities				
Canadian	19,870	21,882	24,028	21,948
United States	13,441	11,947	14,692	12,376
Overseas	32,182	30,984	35,050	31,779
	65,493	64,813	73,770	66,103
Cash and short-term investments				
Cash	186	185	230	231
Treasury Bills	3,310	3,279	2,212	2,214
Accrued interest income	841	841	913	854
	4,337	4,305	3,355	3,299
Management fee accrual	(80)		(70)	
Deferred realized investment gains	(6,781)		(9,012)	
	$ 123,440	$ 131,976	$ 128,871	$ 132,767

Management reviews the investment portfolio on a regular basis and considers the decline in the market values of the US and Overseas equity investments to be temporary and is not expected to affect the long-term position of the portfolio.

(b) Deferred investment gains or (losses)	2003 ($000s)	2002 ($000s)
Fixed-term securities		
Balance, beginning of year	$ 11,944	$ 11,455
Realized net gains for the year	688	2,037
Amortization	(2,526)	(1,548)
Balance, end of year	10,106	11,944
Equities		
Balance Beginning of year	(2,932)	-
Realized net losses for the year	(1,408)	(3,665)
Amortization	1,015	733
Balance, end of year	(3,325)	(2,932)
Total	$ 6,781	$ 9,012

4. Investments and Investment Revenue (continued)

	2003 ($000s)	2002 ($000s)
(c) Investment Income		
Dividends and interest		
Fixed-term	$ 3,180	$ 4,451
Equity	1,366	1,305
Short-term	-	-
	4,546	5,756
Adjust for:		
Amortized realized and unrealized gains and (losses)	1,004 [1]	(749)
	5,550	5,007
Deduct:		
Investment management fees	(448)	(417)
Investment Income	$ 5,102	$ 4,590

The following is the total amortization of net deferred investment gains and (losses) to be credited to income:

	Total
2004	$ 1,512
2005	1,512
2006	1,512
2007	2,245
	$ 6,781

The fixed-term investments mature as follows:

1 to 5 years	$ 15,097	25%
6 to 10 years	33,545	55%
greater than 10	11,829	20%
	$ 60,471	100%

Actual annual investment market returns:

	2003 (%)	2002 (%)
Total Fund	8.2	-3.7
Canadian Equities	26.2	-10.1
U.S. Equities	0.6	-22.1
Overseas Equities	7.6	-19.9
Fixed-Term Securities	6.4	8.7

4. Investments and Investment Revenue (continued)

The Board has established a policy for the management of the investment process, utilizing external investment portfolio managers. The portfolio managers' compliance with this investment policy is monitored on a regular basis.

Credit Risk Management

Credit risk on financial instruments arises from the possibility that the issuer of a fixed-term instrument fails to meet its obligations. Therefore, short-term investments must have a credit rating of at least R1, and long term investments require a rating of A or higher by the Dominion Bond Rating Service in order to be eligible for consideration as an investment. Diversification of credit risk is managed by limiting the exposure in a single private institution to 5% of the portfolio.

Foreign Exchange Risk Management

The Fund has investments in equities denominated in foreign currencies. It does not undertake long-term hedging strategies for the currency risk of foreign investments. The board undertakes long-term investment strategies. However, currency fluctuations may affect short-term returns. These fluctuations are not expected to affect the long-term position of the investment portfolio. Investments in US$ total $16,100,665 (2002 - $16,240,801). Investments in European Currency total $378,515 (2002 - $444,654).

Interest Rate Risk Management

Fluctuations in interest rates can impact the market value of the fixed-income portfolio, as well as shift investor preferences among asset classes. Interest rate risk is minimized by managing the duration of the fixed-term portfolio.

(1) Includes $515,505 due to change in amortization periods (see note 2c)

5. Property and equipment

	Cost	Accumulated Amortization	2003 Net Carrying Value ($000s)	2002 Net Carrying Value ($000s)
Land	$ 390	$ -	$ 390	$ 390
Buildings	$ 3,247	(910)	2,337	2,378
Furniture and equipment	$ 509	(414)	95	120
Computer systems and equipment	$ 1,742	(1,634)	108	219
Systems development (1)	$ 1,043	(53)	990	634
	$ 6,931	$ (3,011)	$ 3,920	$ 3,741

(1) The Achieving Better Customer Service project incurred expenditures of $531,000 in 2003 (2002 - $1,237,000). Of this amount, $375,000 (2002 - $634,000) was capitalized to the project and $156,000 (2002 - $603,000), which related to business process improvements, was expensed in the current year. The financial system component of the project was substantially complete in 2003 ($368,790) and amortization began in the current year. As of Dec. 31, 2003, $639,538 relating to the claims and assessment components of the project are capitalized but will not be depreciated until the systems are substantially complete.

6. Benefits Liability

	2003 ($000s)				2002 ($000s)
	Medical Aid & Compensation	**Pension**	**Annuity**	**Total**	**Total**
Balance, beginning of year	$ 70,269	$ 21,011	$ 3,742	$ 95,022	$ 78,174
Effects of change in assumptions	(8,336)	-	-	(8,336) (1)	-
Adjusted Balance, beginning of year	$ 61,933	$ 21,011	$ 3,742	$ 86,686	$ 78,174
Add claims costs incurred:					
Current year injuries	9,702	-	-	9,702	11,157
Prior years' injuries	2,912	2,400	689	6,001	18,308 (2)
	12,614	2,400	689	15,703	29,465
Less claims payments made:					
Current year injuries	1,950	-	-	1,950	2,525
Prior years' injuries	9,328	1,205	233	10,766	10,092
	11,278	1,205	233	12,716	12,617
Balance, end of year	$ 63,269	$ 22,206	$ 4,198	$ 89,673	$ 95,022

(1) The actuarial assumption for conservatism in the benefits liability was changed in 2003. The conservatism assumption relates to the level of confidence that the benefits liability will be sufficient to cover claims costs in a certain percentage of cases in future years. The previous conservatism ratio was developed in 1997 using the five years of claims data available at that time. Based on additional claims data resulting from a longer claims history the actuary was able to determine a more appropriate level of conservatism based on the Fund's overall claims experience. The change resulted in a reduction in the liability of $8,336,000.

(2) The Yukon Government passed legislation in 2002 to amend the *Workers' Compensation Act*. This amendment provided increases to 26 injured workers who were still in receipt of compensation benefits as a result of a disability under the *1986 Workers' Compensation Act* (Bill 73). The amendment to the Act raised the wage rate for those workers to the 2002 level of $65,000 and provided that it will be indexed annually. The estimated current and future cost of this amendment is $5,400,000 (See note 7).

The following key long-term economic assumptions were used in the actuarial valuation of the benefits liability:

	2003	2002
Future net investment rate of return	3.50%	3.50%
Future net increase in medical aid	2.25%	2.25%
Future net increase in compensation	2.25%	2.25%
Future net increase in rehabilitation	3.50%	3.50%

6. Benefits Liability (continued)

The benefits liability was determined using accepted actuarial practices in accordance with standards established by the Canadian Institute of Actuaries. The actuarial present value of future benefits reflects management's long-term estimates of economic and actuarial assumptions and methods, which were based on past experience modified for current trends. As these assumptions may change over time to reflect underlying economic or legislated conditions, it is possible that such changes could cause a material change to the actuarial present value of future benefit payments. The fair value for the benefits liability is not readily determinable.

7. Reserves

The Board's review of the structure of the reserves, which began in 2003, is expected to continue through 2004. Until this review is completed, the Board felt that it would be premature to make any changes to the reserves.

In 2003 the Board decided that the Prevention and benefit enhancement reserve should be reduced by $5,800,000. This was to cover the expenses of Bill 73 ($5,400,000), which increased benefits of certain workers, and Bill 64 ($400,000), which paid benefits to surviving spouses or common-law partners.

Allocations to the reserves in the current year are as follows:

	Prevention and benefit enhancement reserve	
	2003 ($000s)	**2002 ($000s)**
Balance, beginning of year	$ 15,309	$ 14,750
Less adjustments to prior year allocation	(5,800)	
Current allocation	428	559
Balance, end of year	$ 9,937	$ 15,309

	Target Reserve				
	2003 ($000s)				**2002 ($000s)**
	Catastrophic Claims	Adverse Claims Experience	Occupational Disease Claims	Total	Total
Balance, beginning of year	$ 13,240	$ 13,498	$ 6,652	$ 33,390	$ 29,777
Current allocation	(80)	(766)	(375)	(1,221)	3,613
Balance, end of the year	$ 13,160	$ 12,732	$ 6,277	$ 32,169	$ 33,390

7. Reserves (continued)

	2003 ($000s)	2002 ($000s)
Prevention and benefit enhancement reserve	$ 9,937	$ 15,309
Target reserve	32,169	33,390
Rate transition reserve, end of year	-	-
Total required reserves, end of year	$ 42,106	$ 48,699
Deficiency in reserve funding	8,135	13,628
Total reserves	$ 33,971	$ 35,071

8. Pension Fund

During the year, the Public Service Superannuation Plan required the board to contribute to the PSSA at a rate of 2.14 times the employees' contributions.

	2003	2002
Employees' contributions	$ 168,822	$ 168,511
Fund contributions	360,561	359,763
Total	$ 529,383	$ 528,274

9. Related Party Transactions

As an agency of the Government of Yukon, the board is related to all government departments, agencies and Crown corporations. The board enters into transactions with these entities in the normal course of business. All mainframe computer software is owned by the Government.

The Compensation Fund paid the Government $633,000 (2002 - $502,000) for building maintenance, computer, office supplies, payroll processing, recruitment, vehicle and rehabilitation services. The Fund also reimbursed the Government for payroll costs of $4,866,000 (2002 - $4,614,000).

The Government pays certain claims costs to the Compensation Fund for claims prior to 1993 and also reimburses the cost of supplementary benefits pursuant to the Yukon Workers' Compensation Supplementary Benefits Ordinance (note 2d,e).

As at December 31, 2003, balances due to and from related parties were as follows:

	2003 ($000s)	2002 ($000s)
Due to Government of Yukon	$ 1,364	$ 1,091
Due from Government of Yukon - Recoveries	$ 435	$ 811
Due from Government of Yukon - Assessments	$ 155	$ 264

9. Related Party Transactions (continued)

The Government of Yukon is disputing its obligation to reimburse the board for $295,346 of costs associated with certain pre-93 claims paid in 2003 and the associated claims administration fees of $44,302. No allowance has been made against this recovery.

Effective January 1, 1993, all Government employees were covered by the Fund. Revenues and recoveries from the Government of Yukon as at December 31, 2003 were as follows:

	2003	2002
Assessments	$ 2,625,641	$ 2,236,364
Pre-93 claims costs	$ 537,468	$ 677,000
Supplementary compensation benefits	$ 461,000	$ 408,000

The board has access to the Government of Yukon's overall line of credit facility with its banker. This access provides the board with overdraft coverage when needed.

10. Contingent Liabilities

The board is responsible for future costs of claims relating to certain latent occupational diseases which may have occurred in the current year or previously, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Because of the absence of reliable evidence and data pertaining to these matters, these liabilities cannot be estimated. Therefore, an amount has been included in the target reserve.

11. Commitments

The board has commitments (excluding claims costs) for the next five years, in thousands of dollars, as follows:

2004	$ 245
2005	177
2006	89
2007	-
2008	-
	$ 511

These commitments include the lease of office space and contribution agreements.

12. Administration and Prevention Expenses

	2003 ($000s)	2002 ($000s)
Salaries and benefits	$ 5,153	$ 4,844
Consulting and professional	532	426
Amortization	366	347
Buildings	298	167
General administration	217	134
Computer systems	206	221
Board expenses	192	249
Communications	186	223
Automobile and travel	184	212
Printing and publications	115	148
Staffing and recruitment	82	123
Supplies and stationery	44	46
Furniture and equipment	9	31
	$ 7,584	$ 7,171

The net expenses have been allocated as follows:

	2003 ($000s)	2002 ($000s)
Administration	$ 5,697	$ 5,662
Occupational Health & Safety	1,008	907
Workers' Advocate	378	343
Appeal Tribunal	187	179
Employer Consultant	137	80
Congress 2004	102	-
Contractor Safety	42	-
Act Review	33	-
	$ 7,584	$ 7,171

13. Fair value

The carrying value of the bank overdraft, accounts receivable, and accounts payable approximate their fair value given their short-term nature. The fair value of the equity and fixed-term investments is market value as at December 31.

14. Comparative Figures

Certain prior year's figures have been reclassified to conform with the current year's presentation.

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